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FEDERAL STUDENT AID

Guaranty Agency Financial Report
(GAFR)
ED Form 2000

Instruction Guide

Revised: March 2009

Federal Student Aid

Guaranty Agency Financial Reporting Instruction Guide

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INTRODUCTION

Guaranty agencies use the Guaranty Agency Financial Report to request payments from and make payments to the Department of Education (ED) under the Federal Family Education Loan (FFEL) Program, which is authorized by Title IV, Part B of the Higher Education Act of 1965, as amended (HEA). ED also uses this information to monitor the agency's financial activities, including activities concerning its federal fund and operating fund. Guaranty agencies perform certain activities in connection with the following types of loans under the FFEL Program.

- The Robert T. Stafford Student Loan Program (also known as Federal Stafford Loans or Subsidized Stafford Loans),
- Federal PLUS Loans,
- Federal Supplemental Loans for Students (Federal SLS) *ceased originating new loans on July 1, 1994,*
- Federal Consolidation Loans, and
- Unsubsidized Stafford Loans for Middle-Income Borrowers (Unsubsidized Stafford Loans).

Note: Loans guaranteed under Non-FFEL Programs but administered by the guaranty agency are not to be included in this report. An example of a non-FFEL program is a student loan program established by State law and operated entirely with State funds for individuals pursuing a particular course of study.

Guaranty agencies must maintain detailed records to support each entry on the Guaranty Agency Financial Report and be able to reconstruct the entries back to individual loan, borrower or lender levels, or to specific guaranty agency level transactions. This includes keeping accurate records of reinsurance payments and collections on defaulted loans at the loan and borrower level. All records must be available for verification by the Secretary of Education or other authorized representatives of the U.S. Government.

Information on the Guaranty Agency Financial Report must be consistent with and comparable to relevant information reported to the National Student Loan Data System (NSLDS) by the guaranty agency.

Guaranty agencies are required to maintain all records in the manner and for the period of time set forth in the Department's regulations. Detail records and reports are to be included in the compliance audit requirements in accordance with 34 CFR 682.410(b) as required in the A-133 Audit Guide.

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These instructions provide information on how to complete each item on the Guaranty Agency Financial Report. However, they do not restate in their entirety the laws, regulations, and policy bulletins which may apply to an item on the form. The following material should be consulted when completing this report:

- The Higher Education Reconciliation Act of 2005
- The Higher Education Act of 1965, as amended, and in particular, Title IV, Part B (20 U.S.C. 1071 et seq.)
- The code of Federal Regulations, Department of Education, 34 CFR Part 682, Federal Family Education Loan Program (formerly Guaranteed Student Loan and PLUS Programs), and 34 CFR Part 668, Student Assistance General Provisions, and
- Student Financial Assistance Programs bulletins. For a complete listing of FSA bulletins go to: <http://ifap.ed.gov/IFAPWebApp/index.jsp>

Note that the FFEL Program has frequent changes in laws, regulations, and policies. A guaranty agency is responsible for complying with all current laws, regulations, and policies, and for ensuring that any information provided on the Guaranty Agency Monthly/Annual Financial Report conforms to them.

CERTIFICATION

Guaranty agency-related financial transactions are now being recorded electronically in the Federal Student Aid (FSA) Financial Management System (FMS). By completing the U.S. Department of Education [Organization Participation Agreement](#) (OPA) you are certifying that your Guaranty Agency Financial Report (ED Form 2000) is a legally binding document that will cover two years. By signing and returning this form, you will no longer need to mail paper 'signature pages' after you submit your Form 2000 electronically. A copy of the OPA can be found at the Financial Partners Portal <http://www.fp.ed.gov/>.

Original signature documents should be mailed to:

FSA/Financial Management Division
P.O. Box 2768
Union Station
Washington, DC 20013-2768

If you have any questions, please contact us at: FSA_GAR@ed.gov

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DEFINITIONS

Capitalized interest: The FFEL Program allows a lender to convert interest to principal under certain conditions. This report will refer to this conversion and interest as “interest capitalized by the lender.” Once the lender capitalizes interest, it is not separately referenced. Instead, the capitalized interest and the original loan amount together are referred to as principal.

Guaranty agency claim interest: Interest calculated by the guaranty agency on the loan principal while a lender’s insurance claim is being processed by the guaranty agency and which is eligible for reinsurance from ED. It is paid to the lender by the guaranty agency as part of an insurance claim.

Non-reinsured guaranty agency (GA) interest: Interest that is not reinsured by ED. This category includes interest that is calculated on the loan principal while a lender’s insurance claim is being processed by the guaranty agency. This interest must be paid to the lender by the guaranty agency but is not eligible for reinsurance from ED. However, the Secretary of Education is entitled to an equitable share of any of this interest collected from a borrower.

Purchased interest: Interest a guaranty agency pays to a lender at the time an insurance claim is paid. It consists of lender interest, guaranty agency claim interest and non-reinsured GA interest, as defined above. The guaranty agency must capitalize all purchased interest and treat it as part of the principal balance.

Accrued interest: Interest calculated by the guaranty agency (not the lender) on the loan principal on a collection account for collection from the borrower after an insurance claim is paid to a lender.

Principal: Once a claim has been paid to a lender the principal amount of the claim plus the purchased interest paid to the lender is referred to as principal.

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GUARANTY AGENCY FINANCIAL REPORT MONTHLY

Chapter

1

Guaranty agencies report to ED on a monthly basis to request payments for default, bankruptcy, death, disability, closed school, false certification, and lender of last-resort-loan (default) claims. This report is also used to report unpaid school refunds and teacher loan forgiveness discharges. An agency also uses the form to make payments for amounts due ED for collections on default and lender-of-last-resort loan (default) claims on which reinsurance was paid, and for refunding amounts previously paid for reinsurance claims. Reference the Financial Management System Guaranty Agency Guide posted at: <http://www.fp.ed.gov/PORTALSWebApp/fp/Manuals.jsp>, for completing the on-line forms.

Prior to July 1, 2006, guaranty agencies were required to file a claim for reimbursement within 45 days after the guaranty agency discharged its insurance obligation on the loan, however, effective for July 1, 2006 the claim filing time has been reduced to 30 days. In order to provide a mechanism for guaranty agencies to comply with the 30-day provision, ED has developed a Supplemental Claims Invoicing process. The supplemental claims process will allow a guaranty agency to report reinsurance claims on a bi-monthly basis. Procedures for supplemental claims processing are posted at the link referenced above. The Supplemental Claims Invoice process has no impact on regular monthly GAFR reporting, i.e., all monthly activity, including the Supplemental Claims Invoice should be included in any the monthly GAFR submission.

The Monthly Report requires summary information only concerning guaranty agency's claims, collections, and related activity over a monthly period. A guaranty agency can submit only one monthly report for any month. Additional submissions for the same monthly period will be rejected and the agency will be requested to submit the material in its next monthly submission.

After ED accepts an agency's monthly submission, no further corrections or adjustments can be made. Errors have to be rectified by submitting the appropriate information in a later submission.

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When the monthly report is accepted, the guaranty agency can access their statement of account, which will reflect the financial activity that has occurred during the month. Any net payment due an agency in relation to this processing is electronically transferred to the agency's financial institution approximately 30 days after ED receives an acceptable report.

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Unless otherwise specified, report only on activities on loans guaranteed under the FFEL Program at the time the loan guarantee was issued and which are eligible for, or on which reinsurance was paid. Loans guaranteed under other programs administered by the guaranty agency are not to be included in this report.

Enter all dollar amounts greater than zero to the nearest cent, and include the decimal point.

Reinsurance, Trigger Figure and Collections

FFEL Program loans that a lender makes to a borrower are insured by a guaranty agency. When a lender is unable to collect on a loan, it files an insurance claim with the guaranty agency. Guaranty agencies pay lender insurance claims on defaulted loans and insurance claims submitted by exceptional performers based on the following chart...

Description	Loan Amount/ Claim Amount	Reimbursement Rate (GA to Lender)	Reimbursement Amount to Lender	Reimbursement Rate (ED to GA)	Reimbursement Amount to GA
Lender Insurance (Loan 1 st Disbursed Before 10/1/93)	\$1,000.00	100%	\$1,000.00	100%	\$1,000.00
Lender Insurance (Loan 1 st Disbursed On/After 10/1/93 and Before 10/1/98)	\$1,000.00	100%	\$1,000.00	98%	\$980.00
Lender Insurance (Loan 1 st Disbursed On/After 10/1/98 and Before 7/1/06)	\$1,000.00	98%	\$980.00	95%	\$931.00
Lender Insurance (Loan 1 st Disbursed On/After 7/1/06 and Before 10/1/12)	\$1,000.00	97%	\$970.00	95%	\$921.50
Lender Insurance (Loan 1 st Disbursed on/After 10/1/12)	\$1,000.00	95%	\$950.00	95%	\$902.50
Lender Insurance for Exempt Claims (Loan 1 st Disbursed Before 7/1/06)	\$1,000.00	98%	\$980.00	95%	\$931.00
Lender Insurance for Exempt Claims (Loan 1 st Disbursed On/After 7/1/06)	\$1,000.00	100%	\$1,000.00	100%	\$1,000.00
Exceptional Performer (Claim Submitted Before 7/1/06)	\$1,000.00	100%	\$1,000.00	95%	\$950.00
Exceptional Performer (Claim Submitted On/After 7/1/06 and Before 10/1/07)	\$1,000.00	99%	\$990.00	95%	\$940.50
Exceptional Performer Designation Eliminated, effective 10/1/07	N/A	N/A	N/A	N/A	N/A

Note: This chart does not take into consideration “trigger figures rates,” i.e., when claims exceed 5% or 9% of loans in repayment.

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ED reimburses the agency for part of its losses. This report is used to request these reimbursements. ED reimburses guaranty agencies on the following types of claims:

- Default
- Exempt and lender-of-last-resort loan (defaults)
- Bankruptcy (Chapters 7, 11, 12 and 13)
- Death or disability
- Closed school or false certification
- Unpaid refunds
- Discharges (teacher loan forgiveness)

Definitions of each of these claim types are given in the instructions. In general, ED reimburses a guaranty agency for 100 percent of its losses of all claim types above except default claims, which are subject to reduced reimbursement rates. For purposes of reinsurance, a guaranty agency's losses consist of loan principal, lender interest and guaranty agency claim interest. Non-reinsured GA interest is not eligible for reinsurance, even though the guaranty agency must pay it to lenders.

Default claims on loan guarantees transferred to a guaranty agency under a plan approved by the Secretary, regardless of the first disbursement date, are always reimbursed at 100, 90 or 80 percent.

Exempt claims are defined as claims with respect to loans for which it is determined that the borrower (or the student on whose behalf a parent has borrowed), without the lender's or the institution's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the borrower or the student to be ineligible for all or a portion of the loan or for interest benefits thereon. Exempt claims, on loans disbursed on or after July 1, 2006, are reimbursed for 100 percent of a guaranty agency's reinsured losses.

Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort loan (default) claim is one on which the borrower failed to make an installment payment when due, as defined in the regulations. These claims are always reimbursed for 100 percent of their reinsured losses.

ED reimburses a guaranty agency (§682.404) for –

- 100, 90 or 80 percent of its losses on default claims when the loan was first disbursed before October 1, 1993,
- 98, 88 or 78 percent of its losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 95, 85 or 75 percent of its losses on loans first disbursed on or after October 1, 1998.

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Default claims are subject to certain “trigger figures” which results in a reduced reimbursement rate. At the beginning of each federal fiscal year, ED calculates the trigger figure for each guaranty agency. The trigger figures are equal to 5 percent and 9 percent of the guaranty agency’s loans in repayment at the end of the prior fiscal year.

When default claim losses exceed 5 percent of the loans in repayment it “triggers” ED to reimburse the agency for only—

- 90 percent of its default claim losses on loans first disbursed before October 1, 1993,
- 88 percent of its default claim losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 85 percent of its default claim losses on loans first disbursed on or after October 1, 1998.

When default claim losses exceed 9 percent of loans in repayment, it “triggers” ED to reimburse the agency for only—

- 80 percent of an agency’s default claim losses on loans first disbursed before October 1, 1993,
- 78 percent of an agency’s default claim losses on loans first disbursed on or after October 1, 1993 but before October 1, 1998, and
- 75 percent of an agency’s default claim losses on loans first disbursed on or after October 1, 1998.

These reduced rates are generally referred to as “reduced reimbursement rates.” The difference between the default claim amount paid to the lender and the “reduced reimbursement rate” is the agency’s “reinsurance complement.”

Once a default claim is paid to a lender, the guaranty agency becomes the holder of the loan and must seek to collect on the loan from the borrower. Since ED reimburses a guaranty agency on defaults, the guaranty agency must return to ED a portion of the amount it collects from the borrower. If ED reimbursed the guaranty agency at 98, 95, 90, 88, 85, 80, 78, or 75 percent of the default claim paid to the lender, then the agency’s complement on collections from borrowers would be 2, 5, 10, 12, 15, 20, 22 or 25 percent.

The guaranty agency is also allowed to retain—

- 30 percent of the amount of collections received prior to October 1, 1993,
- 27 percent of the amount of collections received on or after October 1, 1993 and before October 1, 1998,
- 24 percent of the amount of collections received on or after October 1, 1998 and before October 1, 2003, and
- 23 percent of the amount of collections received on or after October 1, 2003 and before October 1, 2007, and

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- 16 percent of the amount of collections received on or after October 1, 2007.

The amount of the collections, which a guaranty agency must return to ED, is referred to as the “Secretary’s (of Education) equitable share” of collections. The formula for calculating the Federal share of collections is [total collected *less* reinsurance complement *less* GA retention = Federal share of collections].

Financial Processing

When ED accepts an agency’s monthly report, the system generates a statement of account that provides financial information related to its monthly submission. This statement is a summary of all monthly activity reported since the last statement was generated. Examples of information the statement provides are: the amount of money ED owes the agency for reinsurance and other claims; the agency’s standing in relation to a reduction in its reimbursement percentage (the “trigger figure”); and the amount of money the agency owes ED for collections on defaulted loans.

Reinsurance claim transactions are considered by ED to occur on the date a guaranty agency’s monthly report is paid by electronic funds transfer (EFT) by ED.

An agency’s “trigger figure” is adjusted for the fiscal year in which the approval date falls. This is not necessarily the same fiscal year in which:

- the guaranty agency paid the claim to the lender,
- the guaranty agency reported the transactions to ED, or
- the guaranty agency received the reinsurance payment from ED.

Trigger figure calculation formula

Loans In Repayment ¹	\$683,877,349.00
5% Trigger = Loans In Repayment * 5%	\$ 34,193,867.45
9% Trigger = Loans in Repayment * 9%	\$ 61,548,961.41
Amount Requested Fiscal Year to Date (FYTD) ²	\$ 19,826,542.97
Dollars Paid Fiscal Year to Date ³	\$ 19,346,754.82
Rehabilitated Loans Applied ⁴	\$ 1,327,585.47

¹ Loans In Repayment [AR-1 (-) AR-2 (+) AR-3 (-) AR-4 (-) AR-5 (+) AR-6 (-) AR-7 (-) AR-8 (-) AR-9 (-) AR-10 (-) AR-11 (-) AR-12 (-) AR-13 (-) AR-14]

² Amount Requested Fiscal Year To Date = FYTD Total MR-1-A "Other Amounts."

³ Dollars Paid Fiscal Year To Date = FYTD Total MR-1-A "Principal Amount"

⁴ Rehabilitated Loans Applied = FYTD Total MR-10 "Default - Principal Amount"

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Refunds Applied ⁵	\$ 32,696.30
Trigger Basis Amount ⁶	\$ 17,986,473.05
Percent of Request Paid ⁷	97.58%
Trigger Rate ⁸	2.63%

Collections, on defaulted loans, are considered submitted to ED on the date the monthly report is received by ED.

Amounts due the agency are sent to the agency's financial institution via electronic funds transfer (through ACH) usually within 30 days after the date of receipt of an error-free report. ED will process an agency's forms in the order they are accepted. This means that an agency's June form could be processed before its May form if the June form had no errors, but the May form had to be resubmitted several times. This could result in reinsurance claims from an earlier form being paid at a lower reinsurance rate than some later claims. The guaranty agency's loan level records must reflect this lower reinsurance rate.

ED will normally offset the amounts that a guaranty agency owes ED against amounts ED owes the agency. In most cases, this will result in the agency receiving an electronic funds transfer for the difference. In those cases where the agency still owes ED money after offset, then the agency's monthly statement will reflect the balance due ED. If a guaranty agency elects to have the balance due ED deducted from their next monthly submission, it is possible that the outstanding balance could be offset by pending Account Maintenance Fees or Loan Processing and Issuance Fees payments that are processed during the reporting period.

An agency may submit payments by sending ED either an EFT or check payable to the U.S. Department of Education. If the guaranty agency chooses to send a check, then it must be mailed to:

U. S. Department of Education
FSA/Financial Partners
Guaranty Agency Reporting
P.O. Box 2768, Union Station

⁵ Refunds Applied = FYTD Total MR-7-A Defaults + FYTD MR-5-A Defaults

"Principal Amount" for fiscal year [if GA has an agreement date]

⁶ Trigger Basis Amount = Dollars Paid Fiscal Year To Date minus Rehabilitated Loans Applied minus Refunds Applied.

⁷ Percent of Request Paid = Dollars Paid Fiscal Year to Date/Amount Requested Fiscal Year to Date

⁸ Current Reimbursement Rate = (Trigger Basis Amount/ Loans in Repayment)*100

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Washington, DC 20013-2768

If a guaranty agency chooses to use EFT for submitting payments and they need instructions, contact the Guaranty Agency Reporting Team via e-mail at FSA_GAR@ed.gov.

Please consult the Guaranty Agency User Guide for accessing the Financial Management System (FMS) when completing the GAFR web application. The user guide can be found at this site: <http://www.fp.ed.gov/PORTALSWebApp/fp/garept.jsp>

For Fiscal Month Of Reporting

When entering the federal fiscal month and federal fiscal year of the month through which activity is being reported always use numbers to stand for the federal fiscal month and year and enter the date as MM/CCYY. An example of the fiscal month and federal fiscal year is as follows: **October 2005 = 01/2006** and **September 2006 = 12/2006**

Line items MR-1 through MR-23 contain guaranty agency monthly activity and all activity from prior periods being reported at this time. Line items MR-24 through MR-26 contain guaranty agency monthly activity only.

MR – 1 Claims Paid

This section is used to request reimbursement for default and other FFEL program claims paid by the guaranty agency to lenders for loan principal and interest. The categories of FFEL program claims are: default, exempt (include claims where the student has been convicted of, or plead nolo contendere or guilty to, a crime involving fraud in obtaining title IV student aid and claims where the borrower is a victim of identify theft), lender-of-last-resort, bankruptcy, death, disability, closed school, false certification, unpaid refunds and (teacher loan forgiveness) discharges.

Include the original reimbursement request and any additional reimbursement requests. Additional reimbursement requests are used in situations where either the lender or the guaranty agency did not receive the full payment, to which they were legally entitled, when the claim was originally processed, by the guaranty agency or ED. Also, use this section to request additional reinsurance reimbursement on a default claim when the status changes to exempt and the guaranty agency is entitled to 100 percent reimbursement...

If the agency receives a borrower payment from the lender **after** the date of the lender's claim payment, reduce the reinsurance claim request amount (MR-1-A, Claims Paid) and the lender claim amount (MR-1-A, Other Amounts) by the payment amount.

If the agency receives a borrower payment from the lender **after** the guaranty agency requests reimbursement from ED, treat the payment as a refund and report the payment amount in MR-7,

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Partial Refunds-CFY if the reinsurance is paid in the current fiscal year. If the reinsurance is paid in a prior fiscal year, report the payment amount in MR-8, Partial Refunds-PFY.

If the agency receives a payment directly from the borrower, **after** the date of the lenders' claim payment, treat the payment as a collection and report these amounts in MR-12, GA Administrative Wage Garnishment, MR-13, Default Collections, or MR-14, Bankruptcy Collections, as appropriate.

If the guaranty agency paid a default or lender-of-last-resort loan (default) claim to a lender because the borrower could not be located, then it can request reimbursement on the loan only if the agency certifies that the lender has made a diligent attempt to locate the borrower through the use of reasonable skip-tracing techniques, including contact with the school the borrower attended, in accordance with the HEA and ED regulations. The guaranty agency must certify that skip-tracing attempts were made at the time reimbursement is requested.

This amount reported in MR-1, Claims Paid does not include amounts paid to lenders for other items such as late charges, collection costs, and attorney's fees. Also excluded is non-reinsured GA interest.

The Secretary pays accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender prior to July 23, 1992 may meet this condition. A Chapter 7, 11 or 12 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim, the guaranty agency is entitled to receive interest,

which accrued (but was held in forbearance) on the discharged loan from the date the guaranty agency paid the lender through the earlier of:

- 60 days after the date the loan was discharged, or
- the date the agency's reinsurance claim is paid by ED.

The lender should repurchase bankruptcy claims paid to lenders prior to July 23, 1992, on which the borrower has not filed for a hardship discharge, and the reinsurance amount has been returned to ED.

In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the reinsurance claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this item. After the agency received payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted

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the claim through the earlier of the date ED authorized payment of the claim or the 60th day after the loan was discharged. Unless an agency is, otherwise, notified by ED, the date ED authorized payment of a claim is the date the agency received the payment. The additional interest amount may be claimed in this item.

If the guaranty agency is holding a bankruptcy claim paid to a lender and the Bankruptcy Court proceedings have been concluded without the loan being discharged, then the guaranty agency may not file for reinsurance on the loan as a bankruptcy. Instead, the loan goes back into repayment, with any interest that accrued during the bankruptcy proceedings being capitalized. The loan must either be repurchased by a lender or collected on by the guaranty agency in accordance with program regulations. If the loan later goes into default, the guaranty agency may file a default reinsurance claim with ED at that time.

For a loan on which a bankruptcy claim is paid to a lender on or after July 23, 1992 and the guaranty agency was not required to hold the claim, the guaranty agency can file for reinsurance at once. The guaranty agency is not entitled to interest that accrues on such a bankruptcy claim between the time the guaranty agency paid the lender and ED pays the agency.

MR 1 Claims Paid - Amount Due To/ (From) Guarantor

This amount is the total reimbursement the guaranty agency is requesting from ED (original and additional requests) for all types of claims (i.e., default, exempt, lender-of-last-resort, death, disability, closed school, false certification, bankruptcy, unpaid refunds and teacher loan forgiveness discharges). This is a system-calculated field that does not allow guaranty agency input.

Example: The guaranty agency payment to the lender is \$9,800, based on the lenders' requested amount of \$10,000 on a default loan (not exempt or LLR) first disbursed on or after 10/1/98 and before 7/1/06 (i.e., 95% reinsurance reimbursement rate); a \$2,000 death/disability claim request from the lender; and a \$100 borrower payment from the lender after the lender's default claim was paid but prior to guaranty agency's request for reinsurance. The guaranty agency's reporting would be as follows:

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	OTHER AMOUNTS
MR-1	Claims Paid	\$11,210.00		
MR-1-A	Defaults – Net		\$9,210.00	\$9,800.00
MR-1-B	Exempt/Lender-of-last-resort		\$ 0.00	
MR-1-C	Death/Disability		\$2,000.00	
MR-1-D	Closed School/False Certification		\$ 0.00	
MR-1-E	Bankruptcy		\$ 0.00	
MR-1-F	Unpaid Refunds		\$ 0.00	

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MR-1-G	Discharges		\$ 0.00	
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MR-1-A Defaults - Principal Amount

Enter amounts for default claims (original and additional requests) for this reporting period. A default claim is one on which the borrower and endorser, if any, or joint borrowers on a PLUS or Consolidation loan, failed to make an installment payment when due, or to meet other terms of the promissory note, if the Secretary or guaranty agency finds it reasonable to conclude that the borrower or endorser, if any, no longer intend to honor the obligation to repay—

- for loans delinquent before 10/7/98, provided that this failure persists for (1) 180 days for a loan payable in monthly installments; or (2) 240 days for a loan payable in less frequent installments
- for loans delinquent on/after 10/7/98, provided that this failure persists for (1) 270 days for a loan payable in monthly installments; or (2) 330 days for a loan payable in less frequent installments.

Also, include in this line item any request for reinsurance for loans that default after transfer from an insolvent agency under a plan approved by the Secretary.

The total reimbursement request amount from ED is calculated by multiplying amounts paid to lenders, for default claims, by the appropriate reinsurance reimbursement rate (based on date of the loans first disbursement) and taking into consideration whether or not the agency has hit either their 5% or 9% trigger.

MR-1-A Defaults - Other Amounts

This line item is the total amount of original and additional payments made by the guaranty agency to lenders for default claims. The amount should include principal and interest paid to lenders, and guaranty agency claim interest, for default claims.

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Example:

The guaranty agency payment to the lender is \$9,800, based on the lender requested amount of \$10,000 on a default (not exempt or LLR) loan first disbursed on or after 10/1/98 and before 7/1/06 (i.e., .95% reinsurance reimbursement rate). The guaranty agency's reporting would be as follows:

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	OTHER AMOUNTS
MR-1	Claims Paid	\$9,310.00		
MR-1-A	Defaults – Net		\$9,310.00	\$9,800.00

Example of Exceptional Performer Reporting: The guaranty agency receives an insurance claim on/after July 1, 2006, on a default (not exempt or LLR) from an exceptional performer entity for \$1,000.00. The guaranty agency payment to the lender is \$990.00 ($1,000 * 99\%$). The guaranty agency's reinsurance claim to ED is \$940.50 ($\$990 * 95\%$) (i.e., .95% reinsurance reimbursement rate). The guaranty agency's reporting would be as follows:

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	OTHER AMOUNTS
MR-1	Claims Paid	\$940.50		
MR-1-A	Defaults – Net		\$940.50	\$990.00

MR-1-B Exempt/Lender-of-last-resort- Principal Amount

Enter amounts for exempt and lender-of-last-resort (default) claims (original and additional requests) for this reporting period.

Exempt claims are filed in situations where the lender determines that the borrower or the student on whose behalf a parent has borrowed, without the lender or school's knowledge at the time the loan was made, provided false or erroneous information or took actions that caused the student or borrower to be ineligible for all or a portion of a loan. Also include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid and cases where the borrower is a victim of identity theft. Exempt claims are exempt from the agency's reinsurance trigger calculation, are insured at 100 percent and are reimbursed at 100 percent for loan disbursements made on/after July 1, 2006.

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Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note. Lender -of-last-resort loans are always reimbursed at 100%.

Example: The lender's request to the guarantor is \$1,000 on an exempt claim that was first disbursed on or after 7/1/06, and a lender-of-last-resort claim for \$5,000. The amount reported in MR-1-B would be \$1,000 plus \$5,000. The guaranty agency's reporting on would be as follows:

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-1	Claims Paid	6,000.00			
MR-1-A	Defaults – Net		0.00		
MR-1-B	Exempt/Lender-of-last-resort		6,000.00		
MR-1-C	Death/Disability		\$0.00		
MR-1-D	Closed School/False Certification		\$ 0.00		
MR-1-E	Bankruptcy		\$ 0.00		
MR-1-F	Unpaid Refunds		\$ 0.00		
MR-1-G	Discharges		\$ 0.00		

MR-1-C Death/Disability - Principal Amount

Enter amounts for death and total disability claims (original and additional requests) for this reporting period. A death claim is one on which the loan is discharged due to the borrower's death. This includes a Federal PLUS loan for a death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is conditionally discharged due to the total and permanent disability of the borrower.

If a death or disability claim is filed after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, then the complement of the reinsurance may be requested using MR-3, Status Change. If a death or disability claim is filed after a default or lender-of-last-resort loan (default) claim was paid at 100 percent, even though no further reinsurance is due the agency, this change in status is reported in the Non-Payment Activity section, MR-20, Default/Lender of Last Resort to Death or Disability.

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MR-1-D Closed School/False Certification - Principal Amount

Enter amounts for closed school or false certification claims (original and additional requests) for this reporting period. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education..

If the borrower files a closed school and/or a false certification claim, after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and

interest, the complement of the reinsurance may be requested using line MR-3, Status Change. If the borrower files a closed school or false certification claim after a default or lender-of-last-resort loan (default) claim was paid to the lender and the reinsurance claim was paid at 100 percent, even though no further reinsurance is due the agency, this change in status to closed school or false certification must be reported in the Non-Payment Activity section, MR-21, Default/Lender of Last Resort to Closed School/False Certification.

MR-1-E Bankruptcy - Principal Amount

Enter amounts for Chapter 7, 11, 12 and 13 claims (original and additional requests) for this reporting period.

Chapter 7, and 11 bankruptcy claims are paid to a lender if:

- the borrower has been in repayment status over 7 years from the date on which the bankruptcy petition is filed for cases commencing before October 8, 1998, or
- the borrower begins an action to receive a discharge on the grounds of undue hardship.

Chapter 12 and 13 bankruptcy claims are claims paid to a lender when a borrower files for relief under those chapters of the U.S. Bankruptcy Code.

If the borrower files for bankruptcy after a default claim was paid to the lender, and the reinsurance claim was paid for less than 100 percent of principal and interest, then the complement of the reinsurance may be requested using line MR-3, Status Change. If the borrower files for bankruptcy after a default or lender-of-last-resort loan (default) claim was paid to the lender and the reinsurance claim was paid at 100 percent, even though no further

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reinsurance is due the agency, this change in status to bankruptcy must be reported in the Non-Payment Activity section, MR-22, Default/Lender of Last Resort to Bankruptcy.

During the course of the bankruptcy proceedings, the agency must report and return to ED, any amounts received at the direction of the Bankruptcy Court in MR-14, Bankruptcy Collections. Once bankruptcy proceedings are concluded and the loan is discharged, the agency must report and return to ED any amounts received at the direction of the Bankruptcy Court in MR-14, Bankruptcy Collections.

If the loan is not discharged, it must either be repurchased by a lender or collected on by the guaranty agency in accordance with program regulations. The loan reverts to an “in repayment” status at the lender. If the borrower does not repay the loan after the repurchase, then the loan could go into default. The guaranty agency could pay a default claim on it and file a default reinsurance claim using MR-1. This assumes all applicable lender and guaranty agency policies concerning defaulted loans were followed.

In addition to arranging the lender’s repurchase of the loan, the agency must refund to ED any bankruptcy reinsurance payment it received and report it on MR-5, Repurchases - CFY (current

fiscal year) or MR-6, Repurchases - PFY (prior fiscal year). Also, report the account balance at conversion (from bankruptcy to default) in MR-23, Bankruptcy to Default/Lender-of-last-resort, if the loan was originally purchased as a default and collections resume due to dismissal of the bankruptcy proceedings.

MR-1-F Unpaid Refunds - Principal Amount

Enter amounts for unpaid (school) refunds (original and additional requests) for this reporting period. An unpaid refund, in the case of an open or closed school, is a discharge of a former or current borrower’s (and any endorser’s) obligation to repay that portion of a FFEL loan (disbursed on or after January 1, 1986) equal to the refund that should have been made by the school. Include in this amount any accrued interest and other charges associated with the unpaid refund, which are also discharged.

In accordance with the unpaid refund provisions, calculate the amount paid to lenders for these refunds. Add to this figure the amount of the reinsurance complement requested by the agency on loans it holds for which the borrower qualifies for an unpaid refund.

Also, see MR-31, Other Transactions Affecting Federal Receivable, to report the federal receivable portion of unpaid refund discharges on guaranty agency held loans.

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MR-1-G Discharges

This line item will be used to request reimbursement due to teacher loan forgiveness discharges and partial discharges of consolidation loans.

Teacher loan forgiveness is a discharge of a borrower's obligation to repay up to \$5,000 or up to \$17,500 of their outstanding student loan balances. Forgiveness is available to a borrower who has no outstanding loan balance under the FFEL Program or the Direct Loan Program on October 1, 1998 or has no outstanding loan balance on the date he or she obtains a loan after October 1, 1998. The Secretary pays the guaranty agency a percentage of the discharge that is equal to the complement of the reinsurance percentage paid on the loan. The payment may also include interest that accrues on the discharged amount during the period from the date the guaranty agency received payment from the Secretary to the date on which the guaranty agency determines that the borrower is eligible for the teacher loan forgiveness.

A partial discharge of a Consolidation loan occurs when a loan was obtained jointly by a married couple if one of the borrowers dies or becomes totally and permanently disabled. The amount of the Consolidation loan that is discharged is equal to the portion of the outstanding balance of the Consolidation loan, as of the date the borrower died or became totally and permanently disabled, attributable to any of that borrower's loans that would have been eligible for discharge.

In accordance with the teacher loan forgiveness provisions and the partial discharge of Consolidation loans provisions, calculate the amount paid to lenders for discharges. Add to this figure the amount of the reinsurance complement requested by the agency on loans it holds for

which the borrower qualifies for teacher loan forgiveness discharge or partial discharge of a Consolidation loan.

Enter amounts for teacher loan forgiveness discharges and partial discharges of Consolidation loans, (original and additional requests) for this reporting period.

Example: A guaranty agency pays lenders for three teacher loan forgiveness discharges:

Borrower	Amount
#1	\$ 5,000.00
#2	3,000.00
#3	<u>5,000.00</u>
Subtotal	13,000.00

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In addition, the guaranty agency has two requests for teacher loan forgiveness discharges on loans they hold:

Borrower	Amount	Reinsurance Reimbursement	GA Complement
#4	\$ 1,000.00	1000 - (1000*98%)	\$20.00
#5	\$ 500.00	500 - (500*95%)	\$25.00
Subtotal			\$45.00

The amount entered in MR-1-G, Discharges, Principal Amount is \$13,045.00.

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-1	Claims Paid	\$30, 525.00			
MR-1-A	Defaults – Net		\$9,500.00		\$10,000.00
MR-1-B	Exempt/Lender-of-last-resort		\$5,980.00		
MR-1-C	Death/Disability		\$2,000.00		
MR-1-D	Closed School/False Certification		\$ 0.00		
MR-1-E	Bankruptcy		\$ 0.00		
MR-1-F	Unpaid Refunds		\$ 0.00		
MR-1-G	Discharges		\$13,045.00		

Also, see MR-31, Other Transactions Affecting Federal Receivable, to report the federal receivable portion of teacher loan forgiveness discharges and partial discharges of Consolidation loans, on guaranty agency held loans.

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MR-2 Borrower Payment Return (Closed School/False Certification)

This category is used to refund collections, including wage garnishment collections, to a guaranty agency, which were received on a closed school or false certification claim and returned to the borrower after reinsurance was paid. These collections must be returned by the guaranty agency to the borrower. Also, include amounts for collections received by the lender, and returned to the borrower by the guaranty agency after claim payment. This policy applies only to a loan, disbursed in whole or in part, on or after January 1, 1986. This is a supplemental request for reinsurance, directly related to borrower payments and not a line item for initial reporting of closed school/false certification reinsurance requests.

This situation is most likely to occur on accounts that were originally paid as defaults where the borrower made payments to the guaranty agency, and subsequently there was a change in status to closed school or false certification. Under this situation, if the original default claim was reported in MR-1, Claims Paid, and was paid at less than 100 percent and the agency reported it in MR-3, Status Change, for supplemental insurance, the reporting in this Section would be at the 100 percent reimbursement rate.

On closed school or false certification claims, all collections received by the lender and returned to the borrower by the agency before reinsurance was paid are reported in MR-1, Claims Paid.

The borrower is entitled to a full refund of these collections and ED must refund the entire collection amount to the guaranty agency. Collections refer to collection of: principal, purchased interest (lender interest, guaranty agency claim interest and non-reinsured GA interest), accrued interest, and any collection charges permitted by law, regulation, or the borrower's promissory note.

MR-2 Borrower Payment Return – Amount Due To/(FROM) Guarantor

MR-2, Borrower Payment Return - Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-2, Principal Amount, Interest Amount, and Other Amounts. This is a system-calculated field that does not allow guaranty agency input.

MR-2 Borrower Payment Return - Principal Amount

Enter amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest. Do not include amounts paid for other charges such as collection costs, late charges and attorney's fees.

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MR-2 Borrower Payment Return - Accrued Interest

Enter amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-2 Borrower Payment Return - Other Charges

Enter amount of collections that were applied to the portion of the borrower's account that represents other charges. Include collection costs, late charges and attorney's fees.

MR-3 Status Changes

This category is used for reporting on default claims originally paid at a reduced reinsurance rate but which are now eligible for full reimbursement because the borrowers' claim status has changed. Though a guaranty agency may be paid at a reduced reinsurance rate on a default claim, the agency is entitled to receive reimbursement for 100 percent of principal, lender interest, and guaranty agency claim interest on the following types of claims:

- Death or disability;
- Closed school, and false certification, and
- Bankruptcy

If a guaranty agency pays a default claim for which it receives less than 100 percent reinsurance, and the status of the borrower claim changes to one of those listed above, the guaranty agency can recoup the rest of its losses from ED by requesting supplemental reinsurance on the line items below.

Reinsurance default claims paid at 100 percent, and lender-of-last-resort loan (default) claims are not eligible for supplemental reinsurance if the borrower's claim status changes because there is no loss for the agency to recoup. To request additional reinsurance on a default claim when the status changes to exempt (for loans disbursed on or after July 1, 2006), report the additional amount in MR-1-B, Exempt/Lender of Last Resort.

Although this category is used to request the additional portion due the guaranty agency, the account balance at conversion must also be reported in MR-20 through MR-23. ED uses this information for accounting and other reporting purposes.

MR-3 Status Changes - Amount Due To/ (From) Guarantor

MR-3, Status Changes, Amount Due To/(From) Guarantor, is the total amount of the unpaid principal and interest portion of the default claim that the guaranty agency paid to the lender that was not reimbursed by ED and is still outstanding at the time this supplemental request is submitted to ED. This total amount is the sum of amounts reported in MR-3-A,

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Unpaid Principal and Unpaid Interest through MR-3-C. This is a system-calculated field that does not allow guaranty agency input.

Example:

	Borrower Status Changes Default To	Original Claims		ED Payment to GA	ED Payment to GA Interest	Additional Amount due GA - Principal	Additional Amount due GA - Interest
		Paid to Lender Principal Amount	Original Claims Paid to Lender Interest Amount	Principal Amt.	Amt.		
Borrower #1	D/D	\$4,000 @ 95%	\$1,000 @ 95%	\$3,800.00	\$950.00	\$200.00	\$50.00
Borrower #2	CS/FS	\$900 @ 98%	\$100 @ 98%	\$882.00	\$98.00	\$18.00	\$2.00
Borrower #3	Bankruptcy	\$1,000 @ 95%	\$500 @ 95%	\$950.00	\$475.00	\$50.00	\$25.00
		5,900.00	1,600.00	\$5,632.00	\$1,523.00	\$268.00	\$77.00

Reporting on GAFR

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-3	Status Changes	\$345.00			
MR-3-A	Death/Disability		\$200.00	\$50.00	
MR-3-B	Closed School/False Certification		\$18.00	\$2.00	
MR-3-C	Bankruptcy		\$50.00	\$25.00	

MR-3-A Death/Disability - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount for default claims for which supplemental reinsurance is being requested due to a change in status of the default claim to a death or disability claim. Enter the unpaid principal and interest portions of death and disability claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

Example: The guaranty agency files a default reinsurance claim for \$1000 for a loan first disbursed on or after October 1, 1993 but before October 1, 1998. The reinsurance request is for the amount of the claim paid to the lender that is the “loss” the agency incurred. The guaranty agency is paid 98 percent of this request or \$980. The agency has not reached the trigger for default reinsurance payments for the current fiscal year and is eligible for 98 percent reinsurance on its losses, for a total of \$980. The borrower becomes totally and permanently disabled the following year. The guaranty agency may now use this Category to request payment of the \$20 (2 percent not paid in reinsurance).

Also, report the account balance at conversion (from default to death and disability) in MR-20, Default/Lender of Last Resort to Death and Disability.

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MR-3-B Closed School/False Certification - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount of default claims for which supplemental reinsurance is being requested due to a change in status of the default claim to a closed school or false certification claim (include supplemental requests for claims where the borrower is a victim of identity theft). Enter the unpaid principal and interest portions of closed school or false certification claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

Also, report the account balance at conversion (from default to closed school/false certification) in MR-21, Default/Lender of Last Resort to Closed School/False Certification.

MR-3-C Bankruptcy - Principal and Interest

In the appropriate column (principal amount or interest amount) enter the amount for default claims for which supplemental reinsurance is being requested due to change in status of the default

claim to a bankruptcy claim. Enter the unpaid principal and interest portions of bankruptcy claims that the guaranty agency paid to the lender that were not reimbursed by ED and are still outstanding at the time this supplemental reinsurance request is submitted.

If a borrower files for bankruptcy after a default claim was paid to the lender, and the reinsurance claim was paid at less than 100 percent of principal and interest, the guaranty agency may claim reimbursement for the complement of the reinsurance in this category.

Also, report the account balance at conversion (from default to bankruptcy) in MR-22, Default/Lender of Last Resort to Bankruptcy.

During the course of the bankruptcy proceedings, the agency must return and report to ED any amounts received at the direction of the Bankruptcy Court on line MR-14, Bankruptcy Collections. Do not net them from the amount reported here. Once bankruptcy proceedings are concluded and:

- a repayment plan is established the agency must report and return to ED any amounts received at the direction of the Bankruptcy Court on line MR-14, Bankruptcy Collections;
- the loan is not discharged, it must either be repurchased by a lender or collected on by the guaranty agency in accordance with program regulations, and the agency must

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refund to ED any additional bankruptcy reinsurance payment it received and report it on either MR-7, Partial Refund – CFY or MR-8, Partial Refund – PFY, as appropriate.

Also, report the account balance at conversion (from bankruptcy to default) in MR-23 Bankruptcy to Default/Lender of Last Resort.

MR-4 TOP Overpayments

The Treasury Offset Program (TOP) category reports activity on accounts after offsets have occurred. Overpayment refunds are made to borrowers by the guaranty agency when the offset amount exceeds the balance (principal and interest) due on the borrower's account.

MR-4 TOP Overpayments - Amount Due To/ (From) Guarantor

MR-4, TOP Overpayments - Amount Due To/ (From) Guarantor is that portion of the offset that is in excess of the balance due on the defaulted borrower's account that was refunded to the borrower. This amount is the sum of amounts reported in MR-4, Principal Amount, Interest Amount and fees (reported in the Other Amounts column) and will be automatically calculated. This is a system-calculated field that does not allow guaranty agency input.

MR-4 TOP Overpayments – Principal

Enter amount refunded for this TOP offset activity that was applied to the portion of each borrower's account that represents principal and purchased interest. If the amount of the TOP

offset results in the borrower overpaying the amount due on the borrower's account, then report that portion of the overpayment, which cannot be correctly charged to any category in this item.

Do not include amounts for other costs such as collection costs, late charges and attorney's fees because they cannot be collected through the TOP offset process.

MR-4 TOP Overpayments – Interest Amount

Enter amount refunded for this TOP offset activity that is applied to the portion of each borrower's account that represents accrued interest.

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MR-4 TOP Overpayments – Other Amounts

Enter amount refunded for this TOP offset activity that is applied to the portion of each borrower's account that represents the TOP processing fee.

MR-5 Repurchases - Current Fiscal Year (CFY)

This category is used to refund to ED (“repurchases”) the amount paid a guaranty agency on a reinsurance claim because the reinsurance claim was not valid. In conjunction with this, the insurance claim the guaranty agency paid the lender may not be valid, and the lender may be required to refund the amount of the insurance claim to the guaranty agency.

Examples: A borrower moves to study in a foreign country, but the borrower's request for an in-school deferment is misplaced. The lender cannot contact the borrower and believes the loan should be in repayment. The lender files a default claim. The guaranty agency pays the claim and receives reinsurance from ED. The agency finally locates the borrower and determines the borrower should not have been placed in default. The guaranty agency arranges for the lender to repurchase the loan. The agency then provides a full refund of the default reinsurance claim to ED.

The guaranty agency files a reinsurance claim for bankruptcy with ED and is paid. The guaranty agency then receives a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that the loan was not discharged. The guaranty agency must arrange for the lender to repurchase the loan and provide a full refund of the bankruptcy reinsurance claim to ED. The lender must place the borrower back in repayment although the borrower could subsequently default on the loan.

A guaranty agency must file a refund if it determines that it made an invalid reinsurance claim. An agency must also file a refund on any bankruptcy claim where the bankruptcy proceedings were concluded and the Bankruptcy Court does not discharge the loan. For example a refund would be required if the borrower does not comply with the requirements of the Wage Earner Plan and the Bankruptcy Court dismisses the case.

A guaranty agency must file a full refund of reinsurance to ED within 45 days of:

- receiving a notice from the Bankruptcy Court informing the agency that bankruptcy proceedings have been concluded and that a loan on which ED paid a bankruptcy reinsurance claim was not discharged, or
- In all other cases, unless otherwise directed, the date that the agency discovers that a full refund of reinsurance is due to ED.

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Full refunds of default claims are refunds to ED for the full amount of the default reinsurance. Refunds are reduced by borrower payments forwarded to ED. If a default reinsurance claim was paid to the guaranty agency at a reduced reinsurance rate, the refund to ED must be made at that rate. Amount remitted = (outstanding principal * reinsurance reimbursement rate). The effect of a full refund of a default claim on a guaranty agency's "trigger figure" depends upon whether the agency has a repurchase agreement with ED:

If a guaranty agency has a repurchase agreement:

- ED reduces the total of default claims paid which are subject to the reinsurance trigger by the amount of the refund. This rule applies if the refund is for a reinsurance default claim paid during the current federal fiscal year. Once the guaranty agency has exceeded its trigger for the current federal fiscal year, subsequent full refunds do not affect the trigger calculation. Instead, the refund amount is credited against default claims paid to the guaranty agency in the following federal fiscal year.
- Full refunds of a reinsurance default claim paid during a previous federal fiscal year do not affect any trigger calculations.
- If a full refund of a default claim is made more than 30 days after the guaranty agency received the reinsurance payment, the agency must pay ED interest on the repurchased loan. The interest rate is the rate specified on the borrower's promissory note. Report the unpaid interest from the date of the reinsurance payment until the date the refund is reported to ED.
- A repurchase agreement covers default claims. It does not apply to exempted, bankruptcy, death and disability, closed school, false certification, or lender-of-last-resort loan claims because these claims do not affect a guaranty agency's trigger figure.

If a guaranty agency **does not** have a repurchase agreement:

- A full refund has no effect on the agency's reinsurance trigger calculation.
- A guaranty agency is not required to pay interest on full refunds.

Repurchases have two sections. The columns are the same for each section. Each section has five line items and the items are the same for each section. The purpose of the two sections is to enable ED to properly process current and prior fiscal year refunds of guaranty agencies, which have repurchase

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agreements with ED and for ED's accounting procedures. Repurchase agreements provide for different treatment of reinsurance claims paid in a current fiscal year and in prior fiscal years.

For the items in this section enter the information requested in each column, for the claims included in the reporting period, using the following definitions.

MR-5 Repurchases - CFY - Amount Due To/ (From) Guarantor

MR-5, Repurchases - CFY - Amount Due To/ (From) Guarantor, is the total dollar amount of current fiscal year repurchased claims for the reporting period for which the guaranty agency is making a full refund of reinsurance. This amount is the sum of MR-5-A through MR-5-E, Principal Amount, Interest Amount, and Other Amounts, as applicable. This is a system-calculated field that does not allow guaranty agency input.

MR-5 Repurchases - CFY - Principal Amount

Enter the outstanding principal amount net of any complement for each type of claim for:

- principal,
- lender interest,
- guaranty agency claim interest,
- collection cost for closed school or false certification claims,
- allowable outstanding collection costs on rehabilitated loans that subsequently default,
- for closed school or false certification claims the amount of collections the agency returned to the borrower at the time the claim was paid to the lender, and
- accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy.

The Secretary pays accrued interest on a bankruptcy claim if the guaranty agency was required to hold the loan until it was discharged in bankruptcy. A bankruptcy claim paid to a lender prior to July 23, 1992 may meet this condition. A Chapter 7 or 11 bankruptcy claim paid to the lender when the borrower filed for discharge on the grounds of undue hardship, and the loan is subsequently discharged, also meets this condition. For such a bankruptcy claim, the guaranty agency is entitled to receive interest that accrued (but was held in forbearance) on the discharged loan from the date the guaranty agency paid the lender through the earlier of:

- 60 days after the date the loan was discharged, or
- the date the agency's reinsurance claim is authorized to be paid by ED

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The lender must repurchase claims paid to lenders prior to July 23, 1992, on which the borrower has not filed for a hardship discharge, and reinsurance must be returned to ED.

In the case where the agency submits its claim less than 60 days after the loan was discharged, the agency will be unable to calculate the total amount of accrued interest due because it does not know the date that ED will authorize the reinsurance claim to be paid. Therefore, the agency may calculate the amount of interest that accrued through the date the agency files the reinsurance claim and report it in this column. After the agency receives payment from ED for the claim, the agency may calculate the additional interest that has accrued from the date the agency submitted the claim through the earlier of the date that ED authorized payment of the claim or the 60th day after the loan was discharged. Unless ED notifies the agency, the date ED authorizes payment of a claim is the date the agency receives the payment.

If the guaranty agency is holding a bankruptcy claim paid to a lender and the Bankruptcy Court proceedings have been concluded without the loan being discharged, then the guaranty agency may not file a claim on the loan as a bankruptcy. Instead, the loan goes back into repayment, with any interest that accrued during the bankruptcy proceedings being capitalized. The loan must either be repurchased by a lender or collected by the guaranty agency in accordance with program regulations.

If the loan later goes into default, the guaranty agency may file a default reinsurance claim with ED at that time.

For a loan on which a bankruptcy claim is paid to a lender on or after July 23, 1992, and the guaranty agency was not required to hold the claim, the guaranty agency can file for reimbursement at once. As with a reimbursement of a death or disability claim, the guaranty agency is not entitled to any interest, which accrues on such a bankruptcy claim between the time the guaranty agency paid the lender and the time ED pays the agency.

This amount does not include amounts paid to lenders for other items such as late charges, collection cost, and attorney's fees. It also excludes non-reinsurance GA interest. If the non-reinsured GA Interest amount has been capitalized the agency must reduce this amount and report it in the Other Amounts column. For closed school or false certification claims, outstanding principal includes any collection costs paid by ED.

MR-5 Repurchases - CFY - Accrued Interest Due ED

Enter the amount of outstanding accrued interest due ED on default claims calculated at the rate specified on each defaulted borrower's promissory note. This applies only if:

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- it is a default claim
- the guaranty agency has a repurchase agreement with ED, and
- the refund is made over 30 days after the reinsurance payment.

The unpaid interest due ED is calculated from the date the original reinsurance reimbursement payment was received until the date the refund is reported to ED. Interest need not be paid on a default claim which is refunded within 30 days of the date reinsurance was paid. If no interest is due

on any of the default claims being refunded, enter a zero. If the agency does not have a repurchase agreement with ED enter zero.

The total refund due ED for this line item is the:

- outstanding principal net of any complement plus,
- outstanding accrued interest due ED

MR-5 Repurchases - CFY - Other Amounts

Enter the amount of outstanding non-reinsured GA interest which is the outstanding amount as calculated by the guaranty agency on the loan principal while a lender's insurance claim is being processed by the guaranty agency, but which was not eligible for reinsurance from ED.

Though this interest must be paid to the lender by the guaranty agency as part of an insurance claim, it is not subject to reinsurance by ED. However, the Secretary of Education is entitled to an equitable share of any of this interest collected from a borrower.

If non-reinsured GA interest is capitalized in the outstanding principal net of any complement, the agency must reduce the outstanding principal by the original amount of non-reinsured GA interest. Reduce the amount reported in the Principal Amount and report the original amount of non-reinsured GA interest in the Other Amounts column.

MR-5-A Repurchases - CFY - Defaults

Enter the amount related to default claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. A default claim is one on which the borrower and endorser, if any, or joint borrowers on a PLUS or Consolidation loan, failed to make an installment payment when due, or failed to meet other terms of the promissory note, if the Secretary or guaranty agency finds it reasonable

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to conclude that the borrower or endorser, if any, no longer intends to honor the obligation to repay, provided that failure persists:

For loans delinquent before 10/7/98

-180 days for a loan payable in monthly installments and

-240 days for a loan payable in less frequent installments;

For loans delinquent on/after 10/7/98,

-270 days for a loan payable in monthly installments or

-330 days for a loan payable in less frequent installments.

MR-5-B Repurchases - CFY - Exempt /Lender-Of-Last-Resort

Enter the amount related to exempt and lender-of-last-resort claims being refunded for which reinsurance was paid during the current fiscal year for this reporting period. An exempt claim is one on which the borrower defaulted after the lender determined that the borrower or student failed to establish eligibility for the loan. Also include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid or in cases where the borrower is a victim of identify theft. Exempt claims on loans first disbursed before July 1, 2006 were subject to reduced reimbursement and the reinsurance complement should be reduced from amounts reported here. Lender-of-last-resort loans are loans made only to students who are otherwise unable to obtain loans. A lender-of-last-resort loan (default) claim is one on which the borrower and endorser, if any, failed to make an installment payment when due, or to meet other terms of the promissory note.

This is only a general description of exempted and lender-of-last-resort claims. Refer to appropriate regulations and policy bulletins for specifics.

MR-5-C Repurchases - CFY - Death/Disability

Enter the amount related to death and total disability claims being refunded in full for which a claim was paid during the current fiscal year for this reporting period. A death claim is one on which the balance of the loan is canceled due to the borrower's death. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the balance of the loan is conditionally discharged due to the total and permanent disability of the borrower.

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MR-5-D Repurchases - CFY - Closed School/False Certification

Enter the amount related to closed school or false certification claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education.

MR-5-E Repurchases - CFY - Bankruptcy (Chapter 7, 11, 12 and 13)

Enter the amount related to Chapter 7, 11, 12 and 13 bankruptcy claims being refunded in full for which reinsurance was paid during the current fiscal year for this reporting period.

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Chapter 7 and 11 bankruptcy claims are paid to a lender if:

- The borrower has been in repayment status for over 7 years from the date on which the bankruptcy petition is filed for cases commencing before October 8, 1998, or
- The borrower begins an action to receive a discharge on the grounds of undue hardship.

Chapter 12 or 13 bankruptcy claims are claims paid to lender when a borrower files for relief under those chapters of the U.S. Bankruptcy Code. During the course of the bankruptcy proceedings, the agency must report and return to ED, any amounts paid at the direction of the Bankruptcy Court. These amounts are not refunds.

If the bankruptcy proceedings are concluded and the loan is discharged, then the agency must report and return to ED, any amounts paid at the direction of the Bankruptcy Court. These amounts are not refunds.

If the bankruptcy proceedings are concluded and the loan is not discharged, then the agency must refund in full the outstanding amount of the reinsurance bankruptcy payment it received from ED. The guaranty agency also must arrange for a lender to repurchase the loan. The loan reverts to an "in repayment" status at the lender. If the borrower does not repay the loan after repurchase, then the loan could go into default. The guaranty agency could pay a default claim on it and file a default reinsurance claim. This assumes all applicable lender and agency policies concerning defaulted loans were followed.

If the borrower defaulted prior to filing bankruptcy and:

- the reinsurance claim was paid at only 98, 95, 90, 88, 85, 80, 78 or 75 percent of principal and interest and the complement of the reinsurance was paid under MR-3 C, Status Changes, when the borrower filed bankruptcy, and
- the bankruptcy proceedings are concluded and the loan is not discharged, or
- the borrower filed for bankruptcy after a default or lender-of-last-resort loan (default) claim was paid to the lender,

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then the agency must refund to ED any additional bankruptcy reinsurance payment it received in MR-5 and MR-6. The guaranty agency would continue to hold the loan and attempt to collect on it like any other default claim.

The agency must report and return to ED any amounts paid at the direction of Bankruptcy Court. These amounts should be reported in MR-14, Bankruptcy Collections because they are not refunds.

MR-6 Repurchases for Reinsurance Claims Paid in Prior Fiscal Year

In MR-6-A through MR-6-E enter the information for repurchases of reinsurance claims paid in all previous fiscal years in this section. This includes any refund of reinsurance where the claim was not paid in the current fiscal year. Use the instructions for the line items with this same title from the Repurchases - Current Fiscal Year category, taking into account that this category covers only reinsurance paid in previous fiscal years.

MR-6 Repurchases - PFY - Amount Due To/ (From) Guarantor

MR-6, Repurchases - PFY - Amount Due To/(From) Guarantor is the total dollar amount of prior fiscal year repurchased claims for the reporting period for which the guaranty agency is making a full refund of reinsurance. This amount is the sum of MR-6-A through MR-6-E, Principal Amount, Interest Amount and Other Amounts, as applicable. This is a system-calculated field that does not allow guaranty agency input.

MR-7 Partial Refunds - Current Fiscal Year (CFY)

This category is used to refund part of a reinsurance claim paid by ED when a lender refunded part of the insurance claim paid by the guaranty agency. Borrower payments received by the lender and forwarded to the guaranty agency are not subject to collection retention and should be reported here. Borrower payments received by the guaranty agency after the default claim has been paid to the holder are treated as a collection and should not be reported in this line item.

If the agency receives a claim overpayment from a lender after an insurance claim was paid, but prior to reinsurance being requested, treat the payment as a refund and reduce the reinsurance claim amount (MR-1) by the amount refunded.

The guaranty agency must reimburse ED for the entire amount of lenders partial refund and report this payment as an overpayment refund on all except a default claim. On a default claim, the guaranty agency can reduce the refund by any complement if reinsurance was originally paid at a reduced rate.

The effect of a partial refund of a default claim on a guaranty agency's "trigger figure" depends upon whether the agency has a repurchase agreement with ED:

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- If a guaranty agency has a repurchase agreement ED will reduce the total of default claims paid which are subject to the reinsurance trigger by the amount of the partial refund. This rule applies if the refund is for a reinsurance default claim paid during the current fiscal year. Once the guaranty agency has exceeded its trigger for the current fiscal year, subsequent partial refunds do not affect the trigger calculation. Instead, the partial refund amount is credited against default claims paid to the guaranty agency in the following federal fiscal year. A partial refund of a reinsurance default claim paid during a previous Federal fiscal year does not affect any trigger calculations. A repurchase agreement only covers default claims.

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- If a guaranty agency does not have a repurchase agreement, a partial refund affects the agency's reinsurance trigger calculation up to the time the agency exceeds the trigger. The trigger is affected only for partial refunds when the reinsurance claim was paid during the current fiscal year.

Example

		<i>Principal</i>	<i>Interest</i>	<i>Other</i>
Amount of Default Claim Paid to Lender	\$1,000.00			
GA Reimbursement Rate	95%			
Borrower Payment Received	\$100.00	\$50.00	\$25.00	\$25.00

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If borrower payment is received by the lender and forwarded to the guaranty agency before the guaranty agency files for reinsurance.	MR-1	$(\$1,000 - 100) * 95\% = \855.00		
If borrower payment is received by the lender and forwarded to the guaranty after lender claim payment.	MR-7 or MR-8	$(\$100 * 95\%) = \95.00		
If borrower payment is received directly by the guaranty agency after the default insurance claim has been paid to the lender.	MR-12 or MR-13	$(\$50 * 95\%) \text{ less } (\$50 * 23\%) = \$36.00$	$(\$25 * 95\%) \text{ less } (\$25 * 23\%) = \$18.00$	$(\$25 * 95\%) \text{ less } (\$25 * 23\%) = \$18.00$

MR-7 Partial Refunds - CFY - Amount Due To/ (From) Guarantor

This amount is the total for partial refund amounts that the guaranty agency is refunding for all claim types, less any complement, if the reinsurance was originally paid at a reduced reimbursement rate.

It does not include amounts paid to lenders or the guaranty agency for other items such as late charges, collection costs, and attorney's fees. It also excludes non-reinsured GA interest. MR-7, Partial Refunds - CFY, Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-7-A through MR-7-E, Principal Amount. This is a system-calculated field that does not allow guaranty agency input.

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MR-7-A Partial Refunds - CFY - Defaults

Enter the amount of partial refunds of reinsurance related to default claims for this reporting period, as defined above.

Example: The guaranty agency receives a refund from a lender of \$100 for a default claim. Reinsurance was paid at 95 percent. The guaranty agency would refund only \$95, that is, 95% of \$100, to ED.

MR-7-B Partial Refunds - CFY – Exempt/Lender-of-Last-Resort

Enter the amount of partial refunds of reinsurance for exempt and lender-of-last-resort claims for this reporting period, as defined above.

Reinsurance paid on exempt claims for loans first disbursed on or after July 1, 2006, and lender-of-last-resort claims are not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender for such a claim.

MR-7-C Partial Refunds – CFY – Death and Disability

Enter the amount of partial refunds for death and disability claims for this reporting period, as defined above. Payments on death or disability claims are not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-7-D Partial Refunds - CFY - Closed School or False Certification

Enter the amount of partial refunds for closed school or false certification claims for this reporting period, as defined above.

Payments on closed school or false certification claims are not subject to a reduced reinsurance reimbursement rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-7-E Partial Refunds - CFY - Bankruptcy

Enter the amount of partial refunds for Chapter 7, 11, 12 and 13 bankruptcy claims for this reporting period, as defined above.

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Payments on a Chapter 7, 11, 12 and 13 bankruptcy claims are not subject to a reduced reinsurance rate. Therefore, the guaranty agency must return to ED the entire amount of any partial refund from a lender or the guaranty agency for such a claim.

MR-8 Partial Refund - Previous Fiscal Year (PFY)

In MR-8-A through MR-8-E enter the information for partial refunds paid in all previous fiscal years in this section. Use the instructions for the line items with this same title from the Partial Refunds - CFY

Section (MR-7-A through MR-7-E), taking into account that this Section covers only partial refunds paid in previous fiscal years.

MR-8 Partial Refunds - PFY, Amount Due To/ (From) Guarantor

MR-8, Partial Refunds - PFY, Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-8-A through MR-8-E, Principal Amount. This is a system-calculated field that does not allow guaranty agency input.

MR- 9 Overstated Claims

This category is used to correct and refund reinsurance if the guaranty agency's arithmetic or typographical errors on previously submitted reinsurance requests and additional reinsurance requests resulted in the agency, but not the lender, being overpaid. Also use this category to refund to ED partial amounts paid the agency on supplemental reinsurance requests due to a further change in claim status back to default if originally paid at less than 100%.

Further changes in status may also require reporting in the Non-Payment Activity Section, MR-20 through MR-23, Status Changes - Account Balance at Conversion.

The guaranty agency must refund to ED the entire amount of the overstated reinsurance claim on all except a default claim. On a default claim, the guaranty agency can reduce the refund by any complement if reinsurance was originally paid at a reduced rate.

MR-9 Overstated Claims - Amount Due To/ (From) Guarantor

This amount is the total for overstated claims and refund of partial amounts paid to the guaranty agency on supplemental reinsurance requests due to a further change in claim status.

MR-9, Overstated Claims - Amount Due To/ (From) Guarantor, is the sum of amounts reported in MR-9-A through MR-9-E. This is a system-calculated field that does not allow guaranty agency input.

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MR-9-A Overstated Claims - Defaults

Enter the amount of refunds due to overpayment of reinsurance for default claims for this reporting period. This amount is reduced by the complement of reinsurance if the guaranty agency was originally paid at a reduced rate.

MR-9-B Overstated Claims - Exempt/Lender of Last Resort

Enter the amount of refunds due to overpayment of reinsurance for exempt and lender of last resort (default) claims for this reporting period.

MR-9-C Overstated Claims - Death/Disability

Enter the amount of refunds due to overpayment of reinsurance for death and disability claims for this reporting period.

MR-9-D Overstated Claims - Closed School/False Certification

Enter the amount of refunds due to overpayment of reinsurance for closed school and false certification claims for this reporting period.

MR-9-E Overstated Claims - Bankruptcy

Enter the amount of refunds due to overpayment of reinsurance for bankruptcy claims for this reporting period. Also, include amounts due ED as a result of filing a change in status supplemental reinsurance request. The account balance at conversion of these status changes should also be reported in the Non-Payment Activity section, Status Changes - Account Balance at Conversion, MR-23, Bankruptcy to Default/Lender of Last Resort.

MR-10 Rehabilitated Loans

This category is used to report rehabilitated loan payments due to ED as the result of the sale of certain defaulted loans to eligible lenders. A rehabilitated loan is one on which a default, exempt or lender-of-last-resort loan reinsurance claim has been paid. If the borrower then makes 12 months of consecutive payments, the guaranty agency may sell the loan to an eligible lender. (HERA changed 12 consecutive monthly payments to 9 payments made within 20 days of the due date during 10 consecutive months. The effective date of this provision is July 1, 2006.) The agency then must repay to ED a portion of the outstanding principal balance as explained below.

Once the loan is sold back to a lender, the lender is entitled to interest and special allowance payments. If the loan defaults again, the lender can file a claim with the guaranty agency and the agency can file a reinsurance claim with ED. The reasonable collection costs assessed the borrower are capitalized at the time of the loan sale and will be reported as principal if the loan

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defaults again. “Reasonable” collection costs, in connection with rehabilitation loans, is an amount that does not exceed 18.5 percent of the outstanding amount of principal and accrued interest on the loan at the time the agency arranges for the lender to purchase the loan or certifies the payoff amount to the purchasing lender. Collection costs that accrue after rehabilitation cannot be claimed on a subsequent default.

Rehabilitated loan sales to lenders must be reported to ED within 45 days of their occurrence.

The guaranty agency must pay ED an amount equal to 81.5 percent of the outstanding principal balance on the loan at the time of the sale to the lender, multiplied by the reinsurance percentage in effect for each portion of the reinsurance claim paid on the loan. For rehabilitated loan reporting, the outstanding principal balance is defined as the principal amount of the loan, which includes purchased interest, received by the lender from the guaranty agency for the default claim. Borrower payments applied may reduce the outstanding principal balance. The outstanding principal balance does not include any outstanding interest that accrued since the payment of the claim, or outstanding other charges, such as collection costs, late charges, or attorney’s fees.

If reinsurance was paid on the loan by multiple reinsurance requests and reinsurance was paid at different rates, the agency must prorate its rehabilitated loan payment or pay ED at the highest reinsurance rate used.

The repayment to ED on the sale of a rehabilitated loan affects a guaranty agency’s “trigger figure” in all cases except rehabilitated lender-of-last-resort loan (defaults). Lender-of-last-resort loans (defaults) are exempt from the “trigger figure” calculation.

Rehabilitated loans reduce the total amount of default claims paid which are subject to the reinsurance trigger by the amount of the repayment. Once the guaranty agency has exceeded its trigger for the current federal fiscal year, subsequent repayments do not affect the trigger calculation. Instead, the repayment amount is credited against default claims to the guaranty agency in the following federal fiscal year. This rule applies whether or not the agency has a repurchase agreement with ED.

Also, include in this item any rehabilitated loans for a loan guarantee transferred from an insolvent agency under a plan approved by the Secretary.

MR-10 Rehabilitated Loan Refund - Amount Due To/ (From) Guarantor

This is the total amount due to ED for the sale of rehabilitated loans to lenders. This amount should equal 81.5 percent of the outstanding principal balance on the loan at the time the agency arranges with the lender to rehabilitate the loan or certifies the payoff amount to the purchasing lender multiplied by the reinsurance percentage in effect for the reinsurance claims paid on the loans. The complement should be transferred to the agency’s federal fund.

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MR-10, Rehabilitated Loan Refund, Amount Due To/ (From) Guarantor, is the sum of the amount reported in MR-10, Principal Amount. This is a system-calculated field that does not allow guaranty agency input.

MR-10 Rehabilitated Loans - Principal Amount

Enter the federal share of outstanding principal balance. This amount is the outstanding principal balance that is due to the agency at the time of rehabilitation multiplied by the reimbursement rate multiplied by 81.5%.

MR-10-A Rehabilitated Loans- Principal Amount (GA Retention)

Even though this line item is entitled Principal Amount it should reflect the GA retention on the rehabilitated loan at the time of the sale. Enter the amount retained by the guaranty agency for the sale of rehabilitated loans to lenders. This amount should not exceed 18.5% percent of the outstanding principal balance on the loan at the time the agency arranges with the lender to rehabilitate the loan or certifies the payoff amount to the purchasing lender.

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Example: Rehabilitation Loan Calculation (Single Loan)

Reinsurance Reimbursement Rate – 98%

Outstanding Principal and Interest Balance at Time of Rehabilitation – \$1,000.00
(Outstanding Principal Balance – \$993.27; Accrued Interest – \$6.73)

Payoff Amount (for lender to purchase rehabilitated loan) – \$1,185.00 [Outstanding Principal and Interest Balance of \$1,000.00 plus Collection Cost of \$185.00 (\$1,000.00 * 18.5%)]

Complement (formula provided for informational purposes only) – Total Payoff Amount (\$1,185.00) less Secretary's Share (\$793.32), less GA Retention (\$183.75), less Accrued Interest (\$6.73), less Other Charges (\$185.00) equals \$16.20.

	Outstanding Principal Balance	Accrued Interest	Other Charges	Total Payoff Amount
Payoff Amount	\$993.27	\$6.73	\$185.00	\$1,185.00
Secretary's Share	$\$993.27 * 98\% * 81.5\% = \793.32			
GA Retention	$\$993.27 * 18.5\% = \183.75			
Complement (for informational purposes only)	$\$1,185.00 - \$793.32 - \$183.75 - \$6.73 - \$185.00 = \16.20			

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-10	Rehabilitated Loan Refund	\$793.32	\$793.32		
MR-10-A	Rehabilitated Loans		\$183.75	\$6.73	\$185.00

MR-10-A Rehabilitated Loans - Interest

Enter the outstanding accrued interest balance of each borrower's account at the time the rehabilitated loan was sold to a lender.

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MR-10-A Rehabilitated Loans - Other Charges

Enter the outstanding other charges balance of each borrower's account at the time the rehabilitated loan was sold to a lender. Other charges include: late charges, collection costs, or attorney's fees.

MR-11 FFEL Consolidation Refund

This category is used to report Federal default consolidation loan refunds due to ED as a result of the sale of certain defaulted FFEL loans consolidated into a Federal Consolidation loan.

Default consolidation loan sales to lenders must be reported to ED within 45 days of their occurrence. The refund amount due ED is the outstanding principal and accrued interest on the loan at the time of the sale to the lender less the guaranty agency's reinsurance complement. The outstanding principal and accrued interest does not include late charges, collection costs, or attorney's fees.

Effective October 1, 2006, guaranty agencies cannot charge the borrower collection costs in excess of 18.5 percent of the outstanding principal and interest on the defaulted loan at payoff and the guaranty agency must remit to the Secretary an amount equal to 8.5 percent of the outstanding principal and interest on the defaulted loan at payoff.

If reinsurance was paid on the loan by multiple reinsurance requests, and reinsurance was paid at different rates, the agency must prorate its default consolidation payment or pay ED at the highest reinsurance rate used.

MR-11 FFEL Consolidation Refund - Amount Due To/ (From) Guarantor

This is the amount due to ED for lender consolidation payments. The amount due to ED is the outstanding principal and accrued interest less the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

MR-11, FFEL Consolidation Refund - Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-11, Principal Amount, Interest Amount, and Other Amounts. This is a system-calculated field that does not allow guaranty agency input.

MR-11 FFEL Consolidation Refund - Principal Amount

Enter the outstanding principal amount of consolidation payments received by the guaranty agency during the reporting period. Reduce these amounts by the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

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MR-11 FFEL Consolidation Refund - Interest Amount

Enter the outstanding accrued interest amount of consolidation payments received by the guaranty agency during the reporting period. Reduce these amounts by the complement of the reinsurance percentage in effect for the reinsurance claims paid on the loans.

MR-11 FFEL Consolidation Refund – Other Amount

Enter the amount of collection costs remitted to the Secretary as a result of a defaulted FFEL Consolidation. Effective October 1, 2006, this amount should equal 8.5 percent of the 18.5 percent of the outstanding principal and interest on the loan at the time of payoff. If no collection costs are charged to the borrower the amount reported here would be zero, however, if any collection costs are charged to the borrower, the Secretary is entitled to up to 8.5 percent, even if the collection costs are less than 18.5 percent of the outstanding principal and interest on the loan.

MR-11-A FFEL Consolidation Payoff – Principal Amount

Enter the amount received from the lender at the time of payoff for the principal amount on the loan.

MR-11-A FFEL Consolidation Payoff – Interest Amount

Enter the amount received from the lender at the time of payoff for the accrued interest amount on the loan.

MR-11-B FFEL Consolidation GA Retention – Principal Amount

The amount reported in this line item should represent the reinsurance complement on a Consolidation Loan at the time of loan consolidation. Enter the amount of the reinsurance complement that is transferred to the agency's Federal Fund at the time of consolidation that represents the complement on the principal amount.

MR-11-B FFEL Consolidation GA Retention - Interest Amount

The amount reported in this line item should represent the reinsurance complement on a loan at the time of loan consolidation. Enter the amount of the reinsurance complement that represents the complement on the accrued interest amount. This amount is also transferred to the agency's Federal Fund at the time of consolidation.

MR-11-B FFEL Consolidation GA Retention - Other Amount

The amount reported in this line item should represent the GA's collection retention on a FFEL Consolidation loan. Enter the amount received from the lender at the time of

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payoff for the allowable collection cost that cannot exceed 18.5 percent of the outstanding principal and accrued interest on the loan at the time of payoff. Effective October 1, 2006, this amount is reduced to 10% and the guaranty agency is required to remit 8.5 percent to the Secretary. The Secretary's share of this collection should be reported in MR-11, FFEL Consolidation Refund, Other Amounts Column.

Example: FFELP Loan Consolidation Reporting (Reinsurance Rate = 98%)

Payoff Amount	Outstanding Principal	Outstanding Accrued Interest	Other Charges
\$30,000.00	\$20,000.00	\$10,000.00	
	X 98%	X98%	
	\$19,600.00	\$9,800.00	\$30,000.00
			X18.5%
			\$5,550.00

ITEM NO.	CATEGORY	AMOUNT DUE TO/FROM GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-11	FFEL Consolidation Refund	\$31,950.00	\$19,600.00	\$9,800.00	2,550.00
MR-11-A	FFEL Consolidation - Payoff		\$20,000.00	\$10,000.00	
MR-11-B	FFEL Consolidation - GA Retention		\$400.00	\$200.00	3,000.00

MR-12 GA Administrative Wage Garnishment

This category reports on administrative wage garnishment collection activities by the guaranty agency on loans for which insurance claims have been paid to the lender and which have not been assigned to ED by the agency. This includes collections of default, exempt and lender-of-last-resort loan (default) claims on which the guaranty agency is entitled to retain a percentage of the amount collected to pay for its collection costs. A guaranty agency may not attempt to collect the following types of claims:

- bankruptcy (all Chapters)
- death and disability
- closed school
- false certification

GA Administrative Wage Garnishment collections on exempt claims are to be reported in this item. An exempt claim includes a loan on which the borrower defaulted after the lender determined that the borrower failed to establish eligibility for the loan. Collections on exempt claims are to be made in accordance with the instructions in Student Financial Assistance Programs bulletin 89-G-159 dated May 1989.

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All collections must be reported to ED within 45 days of the receipt of the collections by the guaranty agency or its agent, whichever is earlier.

Amounts from collection checks returned for insufficient funds (bounced checks) are deducted prior to reporting collections to ED.

MR-12 Administrative Wage Garnishment - Amount Due To/ (From) Guarantor

This amount represents collections received through administrative wage garnishment collections by the guaranty agency on loans for which insurance claims have been paid to the lender and which have **not** been assigned to ED by the guaranty agency.

Garnishment is the procedure requiring a borrower's employer to withhold a portion of a borrower's pay to repay the amount the borrower owes on a default or a lender-of-last-resort loan (default). A guaranty agency's garnishment procedures must comply with Section 488A of the HEA, appropriate regulations and policy bulletins.

Collections on bankruptcies are under the jurisdiction of Federal Bankruptcy Courts and take precedence over the administrative wage garnishment provisions of Section 488A. Administrative wage garnishment cannot be instituted on a borrower who has filed for bankruptcy. Administrative wage garnishment in effect at the time a borrower files for bankruptcy would have to cease if the Bankruptcy Court orders a halt to any collection activity against a borrower. Report collections ordered by the Bankruptcy Court in line item MR-14, Bankruptcy Collections.

Report in this line item the total of the "Federal share of collections" associated with wage garnishment collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, and
- an amount equal to 30 percent of collections for both default and exempted claims to help the guaranty agency pay for the costs of its collection activities on collections received before October 1, 1993, or
- an amount equal to 27 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1993 and received prior to October 1, 1998, or

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- an amount equal to 24 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1998 and prior to October 1, 2003,
- an amount equal to 23 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its

collection activities on collections received on or after October 1, 2003 and prior to October 1, 2007, or

- an amount equal to 16 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 2007.

A guaranty agency must calculate the amounts that are due to ED.

Calculate amounts based on the reinsurance reimbursement rate that was in effect at the time the guaranty agency was reimbursed. If a borrower account contains original claims and additional reinsurance that was paid at different rates, the agency must report its collections at either:

- the rate at which each individual item was paid, or
- the highest rate at which any item was paid.

Example: An agency receives a collection on a single borrower's account that includes two claims, one of which received reinsurance reimbursement at the 98 percent rate, and the other at the 80 percent rate. The agency may prorate the collection and report appropriate amounts at 98% reinsurance reimbursement and 80% reinsurance reimbursement. As an alternative to this, the guaranty agency may report the entire collection as 98% Reinsurance Reimbursement, because this was the highest rate at which one of the items in the account was reimbursed.

MR-12, GA Administrative Wage Garnishment, Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-12, Principal Amount, Interest Amount and Other Amounts. This is a system-calculated field that does not allow guaranty agency input.

Example #1

Wage Garnishment Collections (Reinsurance Reimbursement Rate = 95%)

GA Received the Collection on October 10, 2002 (Collection Retention Rate – 24%)

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	Total Collected	Principal	Interest	Other Charges
	\$8,000.00	5,000.00	2,000.00	1,000.00
Secretary's Share		$(\$5000 * .95) - (\$5000 * .24) = \$3,550.00$	$(\$2000 * .95) - (\$2000 * .24) = \$1,420.00$	$(\$1000 * .95) - (\$1000 * .24) = \$710.00$
GA Retention		$\$5000 * .24 = \$1,200$	$\$2000 * .24 = \480	$\$1000 * .24 = \240

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-12	GA Administrative Wage Garnishment	\$ 5,680.00	\$3,550.00	\$1,420.00	\$ 710.00
MR-12-A	Administrative Wage Garnishment - Total Collected		\$5,000.00	\$2,000.00	\$1,000.00
MR-12-B	Administrative Wage Garnishment - GA Retention		\$1,200.00	\$ 480.00	\$ 240.00

Example #2

Wage Garnishment Collections (Reinsurance Reimbursement Rate = 95%)

GA Received the Collection on October 10, 2007 (Collection Retention Rate – 16%)

	Total Collected	Principal	Interest	Other Charges
	\$10,000.00	7,000.00	2,000.00	1,000.00
Secretary's Share		$(\$5000 * .95) - (\$5000 * .16) = \$5,530.00$	$(\$2000 * .95) - (\$2000 * .16) = \$1,580.00$	$(\$1000 * .95) - (\$1000 * .16) = \$790.00$
GA Retention		$\$7000 * .16 = \$1,120$	$\$2000 * .16 = \320	$\$1000 * .16 = \160

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-12	GA Administrative Wage Garnishment	\$ 7,900.00	\$5,530.00	\$1,580.00	\$ 790.00
MR-12-A	Administrative Wage Garnishment - Total Collected		\$7,000.00	\$2,000.00	\$1,000.00
MR-12-B	Administrative Wage Garnishment - GA Retention		\$1,120.00	\$ 320.00	\$ 160.00

MR-12 Administrative Wage Garnishment – Principal Amount

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to principal) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

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MR-12 Administrative Wage Garnishment – Interest Amount

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to accrued interest) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

MR-12 Administrative Wage Garnishment – Other Amount

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to other charges) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

MR-12-A Administrative Wage Garnishment –Total Collected - Principal

Enter the total amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

MR-12-A Administrative Wage Garnishment –Total Collected - Interest

Enter the total amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-12-A Administrative Wage Garnishment –Total Collected - Other

Enter the total amount of collections that were applied to the portion of each borrower's account that represents other charges.

MR-12-B Administrative Wage Garnishment – GA Retention – Principal

Enter the total amount of collections that were applied to that portion of the borrower's account that represents principal that is retained by the guaranty agency. To calculate this amount: multiply the total principal amount by the applicable retention rate.

MR-12-B Administrative Wage Garnishment – GA Retention - Interest

Enter the total amount of collections that were applied to that portion of the borrower's account that represents accrued interest that is retained by the guaranty

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agency. To calculate this amount multiply the total accrued interest amount by the applicable retention rate.

MR-12-B Administrative Wage Garnishment – GA Retention - Other

Enter the total amount of collections that were applied to that portion of the borrower's account that represents other charges that is retained by the guaranty agency. To calculate this amount multiply the total other charges amount by the applicable retention rate.

MR-13 Default Collections

This category reports on default collections by the guaranty agency on loans for which insurance claims have been paid to the lender and which have not been assigned to ED by the agency. This includes collections of default, exempt and lender-of-last-resort loan (default) claims on which the guaranty agency is entitled to retain a percentage of the amount collected to pay for its collection costs.

A guaranty agency may not attempt to collect the following types of claims:

- bankruptcy (all Chapters)
- death and disability
- closed school
- false certification

Collections on exempt claims are to be reported in this item. An exempt claim includes a loan on which the borrower defaulted after the lender determined that the borrower failed to establish eligibility

for the loan. Collections on exempted claims are to be made in accordance with the instructions in Student Financial Assistance Programs bulletin 89-G-159 dated May 1989. All collections must be reported to ED within 45 days of the receipt of the collection by the guaranty agency or its agent, whichever is earlier.

Amounts from collection checks returned for insufficient funds (bounced checks) are deducted prior to reporting collections to ED.

MR-13 Default Collections - Amount Due To/ (From) Guarantor

This item is used to report default collections received by the guaranty agency on loans for which insurance claims have been paid to the lender and which have **not** been assigned to ED by the guaranty agency. Report in this line item the total of the “Federal share of collections”

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associated with collections. This refers to that portion of collections that remain after the following has been deducted:

- an amount equal to the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims and,
- an amount equal to 30 percent of collections for both default and exempted claims to help the guaranty agency pay for the costs of its collection activities on collections received before October 1, 1993,
- an amount equal to 27 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1993 and received prior to October 1, 1998.
- an amount equal to 24 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 1998 and received prior to October 1, 2003,
- an amount equal to 23 percent of collections for default, exempted and lender-of-last-resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 2003 and received prior to October 1, 2007, or
- an amount equal to 16 percent of collections for default, exempted and lender-of-last resort loan (default) claims to help the guaranty agency pay for the cost of its collection activities on collections received on or after October 1, 2007.

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A guaranty agency must calculate the amounts that are due to ED.

Calculate the amounts based on the reinsurance reimbursement rate that was in effect at the time the guaranty agency was reimbursed. If a borrower account contains original claims and additional reinsurance that was paid at different rates, the agency must report its collections at either:

- the rate at which each individual item was paid, or
- the highest rate at which any item was paid.

Example #1

Default Collections (Reinsurance Reimbursement Rate = 98%,
Collections Received by GA on November 1, 2002 (Collection Retention Rate – 24%)

	Total Collected	Principal	Interest	Other Charges
	\$38,000.00	15,000.00	12,000.00	11,000.00
Secretary's Share		$(\$15000 * .98) - (\$15000 * .24) = \$11,100$	$(\$12000 * .98) - (\$12000 * .24) = \$8,880.00$	$(\$11000 * .98) - (\$11000 * .24) = \$8,140.00$
GA Retention		$\$15000 * .24 = \$3,600$	$\$12000 * .24 = \2880.00	$\$11000 * .24 = \$2,640.00$

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-13	Default Collections	\$28,120.00	\$11,100.00	\$ 8,880.00	\$ 8,140.00
MR-13-A	Default Collections - Total Collected		\$15,000.00	\$12,000.00	\$11,000.00
MR-13-B	Default Collections - GA Retention		\$ 3,600.00	\$ 2,880.00	\$ 2,640.00

Example #2

Default Collections (Reinsurance Reimbursement Rate = 95%)
GA Received the Collection on October 10, 2007 (Collection Retention Rate – 16%)

	Total Collected	Principal	Interest	Other Charges
	\$38,000.00	15,000.00	12,000.00	11,000.00
Secretary's Share		$(\$15000 * .95) - (\$15000 * .16) = \$11,850$	$(\$12000 * .95) - (\$12000 * .16) = \$9,480$	$(\$11000 * .95) - (\$11000 * .16) = \$8,690$
GA Retention		$\$15000 * .16 = \$2,400$	$\$12000 * .16 = \$1,920$	$\$11000 * .16 = \$1,760$

ITEM NO.	CATEGORY	AMOUNT DUE TO/(FROM) GUARANTOR	PRINCIPAL AMOUNT	INTEREST AMOUNT	OTHER AMOUNTS
MR-13	Default Collections	\$30,020.00	\$11,850.00	\$ 9,480.00	\$ 8,690.00

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MR-13-A	Default Collections - Total Collected		\$15,000.00	\$12,000.00	\$11,000.00
MR-13-B	Default Collections - GA Retention		\$ 2,400.00	\$ 1,920.00	\$ 1,760.00

MR-13, Default Collections, Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-13, Principal Amount, Interest Amount and Other Amounts. This is a system-calculated field that does not allow guaranty agency input.

MR-13 Default Collections – Principal Amount

Enter the principal amount due ED on the collection. To calculate the principal amount: (total collected and applied to principal) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to principal) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

MR-13 Default Collections – Interest Amount

Enter the accrued interest amount due ED on the collection. To calculate the accrued interest amount: (total collected and applied to accrued interest) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to accrued interest) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

MR-13 Default Collections – Other Amount

Enter the other charges amount due ED on the collection. To calculate the other charges amount: (total collected and applied to other charges) *multiplied* by (appropriate reinsurance rate) *less* (total collected and applied to other charges) *multiplied* by (appropriate retention rate) *equals* Federal share of collections.

Other charges may include late charges, collection costs, and attorney's fees

MR-13-A Default Collections – Total Collected - Principal

Enter the total amount of collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

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MR-13-A Default Collections –Total Collected - Interest

Enter the total amount of collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-13-A Default Collections –Total Collected - Other

Enter the total amount of collections that were applied to the portion of each borrower's account that represents other charges.

MR-13-B Default Collections – GA Retention - Principal

Enter the total amount of collections that were applied to that portion of the borrower's account that represents principal that is retained by the guaranty agency. To calculate this amount: multiply the total principal amount by the applicable retention rate.

MR-13-B Default Collections – GA Retention - Interest

Enter the total amount of collections that were applied to that portion of the borrower's account that represents accrued interest that is retained by the guaranty agency. To calculate this amount multiply the total accrued interest amount by the applicable retention rate.

MR-13-B Default Collections – GA Retention - Other

Enter the total amount of collections that were applied to that portion of the borrower's account that represents other charges that is retained by the guaranty agency. To calculate this amount multiply the total other charges amount by the applicable retention rate.

MR-14 Bankruptcy Collections

This category is used to report collections on bankruptcy claims. These collections must be reported to ED. The Secretary of Education is entitled to 100 percent of collections applied to principal, interest and other charges on these claims.

This line item includes collections on bankruptcies where:

- the loan was initially purchased from the lender as a bankruptcy claim or,
- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at only 98, 95, 90, 88, 85, 80, 78 or 75 percent of principal and interest, and the complement of the reinsurance was requested by

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the guaranty agency, and the guaranty agency reported the change in status to ED in MR-3, Status Changes, or

- the borrower filed for bankruptcy after a default claim was paid to the lender, the reinsurance claim was paid at 100 percent of principal and interest.

Collections are received on bankruptcy claims at the direction of the Bankruptcy Court. Collections may be received in increments while the loan is under the jurisdiction of the court. This is typical of proceedings in a Chapter 13 bankruptcy (a Wage Earner Plan). Collections may also be received as a lump sum in the distribution of assets at the conclusion of the bankruptcy proceedings.

When a guaranty agency receives a collection payment from the Bankruptcy Court it must report and return all of it to ED. Since a bankruptcy claim is always paid at the 100 percent reimbursement rate, there is no deduction for a complement of the reinsurance on a claim's collections. Also, a guaranty agency may not retain any portion of bankruptcy collections to pay for collection costs. The guaranty agency can receive amounts for:

- Principal,
- Purchased Interest (Lender Interest, Guaranty Agency Claim Interest And Non-Reinsured GA Interest),
- Accrued Interest, And
- Any collection charges permitted by law, regulation, or the borrower's promissory note.

MR-14 Bankruptcy Collections - Amount Due To/ (From) Guarantor

This amount represents the total amount of collections received by the guaranty agency and its agents from the Bankruptcy Court for the reporting period for reinsurance claims paid as bankruptcy claims. Included are amounts collected:

- while the loan was under the jurisdiction of the Bankruptcy Court, and
- as a lump sum at the conclusion of the bankruptcy proceedings, even if the money was collected after the date the proceedings concluded.

MR-14, Bankruptcy Collections, Amount Due To/ (From) Guarantor is the sum of amounts reported in MR-14, Principal Amount, Interest Amount and Other Amounts. This is a system-calculated field that does not allow guaranty agency input.

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MR-14 Bankruptcy Collections – Principal Amount

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents principal and purchased interest.

MR-14 Bankruptcy Collections – Interest Amount

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents accrued interest.

MR-14 Bankruptcy Collections – Other Amount

Enter the total amount of bankruptcy collections that were applied to the portion of each borrower's account that represents other charges.

MR-15 Default FFEL Consolidated by DL Fee – Amount Due To/ (From) Guarantor

This line item is used to report the Secretary's fee on defaulted Federal Family Education Loans consolidated by the William D. Ford Direct Loan Program. Guaranty agencies are required to remit to

the Secretary a portion of the collection charge equal to 8.5 percent of the outstanding principal and interest on the loan. This fee is effective for defaulted loans consolidated on or after October 1, 2006. If no collection costs are charged, there is no fee due to the Secretary, however, if any collection costs are charged the Secretary is due up to 8.5 percent of the outstanding principal and interest on the loan.

MR-16 Total

The sum of this item equals the sum of amounts reported in MR-1 through MR-15, Amount Due To/ (From) Guarantor. This is a system-calculated field that does not allow guaranty agency input. The total will be displayed as a positive number which represents the amount due to the guarantor or a negative number which represents the amount due ED. Amounts due ED from monthly processing could be offset by pending Account Maintenance Fee (AMF) or Loan Processing and Issuance Fee (LPIF) payments. For more detail see Chapter 1, Financial Processing Section.

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NON-PAYMENT ACTIVITY (Accounting Data)

This section reports on guaranty agency monthly activities, which do not involve the receipt or the disbursement of funds between ED and a guaranty agency. This section includes reporting on the Treasury Offset Program (TOP) and Status Changes for non-payment activities. All amounts reported in this section (MR-17 through MR-23) can be positive or negative and must reflect activity that occurred within the reporting period.

Treasury Offset Program (TOP)

This category reports non-payment activity on accounts after Treasury Offset Program (TOP), (formerly called IRS offset), have occurred and non-payment information which is used to calculate the guaranty agency's Federal receivable balance.

The guaranty agency initiates action to collect on defaulted loan accounts by way of TOP offset. Collection of amounts owed on the defaulted loan is offset against the borrower's Federal income tax refunds. The U.S. Internal Revenue Service under the Treasury Offset Program (TOP) makes offsets. Only principal and interest is offset. All other charges must be collected directly by the guaranty agency or its agent. The guaranty agency and its agents can continue to receive collections from the borrowers' after the TOP procedures have been initiated. Collections received by the guaranty agency are reported in MR-13, Default Collections.

The agency begins the offset process in October of each year. The TOP begins offsetting income tax refunds the following January. Attempts to offset will continue until the earlier of:

- a borrower's Federal income tax refund is offset against the borrower's debt,
- the guaranty agency stops the TOP offset proceedings on the account,
- 12 months (January - December) have passed without a TOP offset occurring,
- or
- when the debt is paid in full.

The TOP charges a processing fee to carry out an offset. This amount can change each year. The processing fee is added to the amount owed on the account when ED sends the information to TOP for the agency. The processing fee is only charged if an offset occurs. The TOP deducts the fee before returning the amount collected to ED but it is included in the amount reported to ED.

Amounts collected under the TOP are reported to the guaranty agency. However, the funds themselves are transferred to ED. This form is used to reconcile TOP Offset transactions and provide the guaranty agency with any funds due under this process.

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Since ED reimburses a guaranty agency for its losses on default claims, ED receives whatever is collected from borrowers through TOP offset. Collections received as a result of the TOP offset process are the federal government's collection, not the guaranty agencies. This section is also used to

report when the TOP unknowingly offsets a spouse's portion (injured spouse) of a joint income tax refund. No amounts are deducted for:

- the complement of the reinsurance percentage which was in effect when the reinsurance payment was made by the Secretary for default claims, or
- the percent deducted from collections to help the guaranty agency pay for the cost of its collection activities.

ED uses the information reported in these items for reporting and accounting purposes. Though the TOP reports some summary level information directly to ED, an agency must provide the detailed information requested here in order for ED to carry out its responsibilities under law and regulation. TOP offset activities must be reported within 45 days after the guaranty agency receives notice of TOP offset from the Department of Treasury.

Principal Amounts Column

The total amount offset or refunded for this TOP offset activity that was applied to the portion of each borrower's account that represents principal and purchased interest. If the amount of the TOP offset results in the borrower overpaying the amount due on the borrower's account, then report that portion of the overpayment, which cannot be correctly charged to any category in this column.

Interest Amounts Column

The total amount offset or refunded for this TOP offset activity that is applied to the portion of each borrower's account that represents accrued interest.

Other Amounts Column

The total amount offset or refunded for this TOP offset activity that is applied to the portion of each borrower's account, which represents other charges. Other charges can include only TOP fees. This column is not applicable for reporting in MR-18, Non-Federal Share Offset.

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MR-17 Treasury Offset

Enter the amounts offset against defaulted borrower's Federal income tax funds by the U.S. Internal Revenue Service under the Treasury Offset Program. The amount offset is used to reduce each borrower's FFEL Program loan indebtedness. Report all TOP offsets in this item, even if it results in the borrower's overpaying the amount due in the account. The overpayment is corrected by refunding the appropriate amount to the borrower and reporting this in item MR-4, TOP Overpayments.

MR-18 Non-Federal Share Offset

Enter the amount of the non-Federal share offset. The non-Federal share offset is the portion of the TOP offset, which is an amount equal to the complement of the reinsurance percentage, which was in effect when the Secretary made the reinsurance payment for default claims.

The Other Amounts Column should not be used for this line item since any TOP fees should be reported on line item MR-4, MR-17, and MR-19, as appropriate. TOP fees are not applicable to the Non-Federal Share Offset.

MR-19 Treasury Offset Reversals

Enter the amount of Treasury offset reversals. A Treasury offset reversal (formerly injured spouse claim) is the portion of the TOP offset made against that portion of a Federal income tax refund which is attributable to the spouse of the defaulted borrower when a joint income tax return is filed.

The spouse files a claim for this portion with the TOP. The TOP refunds the amount directly to the spouse, and informs the guaranty agency, which then increases the defaulted borrower's account balance by the amount of the refund.

Status Changes - Account Balance at Conversion

This category reports on guaranty agency activities, which do not involve the receipt or disbursement of funds between ED and a guaranty agency. ED needs this information for accounting and other reporting purposes. This category also includes the account balance at conversion for any additional amounts requested in MR-3, Status Changes.

This category is used to report on reinsurance default and lender-of-last-resort loan (default) claims paid at 100 percent whose status changed to another claim category. This section is also used to report change of status for bankruptcies that are not discharged and returned to default or lender-of-last-resort loan (default) claim status when originally repurchased as a default.



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A guaranty agency must report this information to ED when a defaulted borrower:

- dies,
- becomes totally and permanently disabled,
- files for bankruptcy,
- has a loan discharged due to school closure, or
- has a loan discharged due to false certification by the school.

A change in status of a default claim paid at 100 percent has no effect on the amount of reinsurance paid on the claim however the status change must be reported in this section.

Change of status for default claims paid at less than 100 percent are reported in MR-3, Status Changes for reimbursement of the complement. A guaranty agency is entitled to additional reinsurance due to such a change. In addition, the account balance at conversion for these additional reinsurance requests should be reported in this category, MR-20 through MR-22.

Account Balance at Conversion – Principal Amounts Column

The balance for the amount of principal and purchased interest paid to the lender for the default or lender-of-last-resort loan (default) claim which is still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period.

Do not include amounts paid to lenders for other items such as accrued interest, late charges, collection costs, and attorney's fees in this column.

Account Balance At Conversion - Interest Amounts Column

The balance for the amount of accrued interest, which is still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period.

Account Balance At Conversion - Other Amounts Column

The balance for the amount of other charges which are still outstanding (that is, collections have not been received from the borrower on it) at the time this non-payment activity report is submitted to ED, for each type of claim for the reporting period. This includes amounts for: late charges, collection costs, and attorney's fees.

MR-20 Default/LLR to Death and Disability

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to a change in status to death or disability. A death claim is one on which

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the loan is cancelled due to the borrower's death. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is conditionally discharged due to the total and permanent disability of the borrower and the loan is assigned to ED. Also include exempt claims being reported due to a change in status to death or disability.

MR-21 Default/LLR to Closed School/False Certification

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status to a closed school or false certification claim. A closed school claim is

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one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility to borrow under the FFEL Program was falsely certified by an eligible institution of higher education. Also include exempt claims being reported due to a change in status to closed school or false certification claim.

MR-22 Default/LLR to Bankruptcy

Enter the amounts for default and lender-of-last-resort loan (default) claims being reported due to the change in status of the default claim to a Chapter 7, 11, 12 or 13 Bankruptcy due to the Borrower filing for bankruptcy. During the course of the bankruptcy proceedings, the agency must report and return to ED any amounts paid at the direction of the Bankruptcy Court on MR-14, Bankruptcy Collections. Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 Bankruptcy.

MR-23 Bankruptcy to Default/LLR

Enter the amounts for Chapter 7, 11, 12 and 13 bankruptcies that are not discharged and return to default or lender-of-last-resort loan (default) claim status. If the bankruptcy proceedings are concluded and the loan is not discharged, then the agency must refund to ED any additional bankruptcy reinsurance payment received and report it on MR-9, Overstated Claims and return the loan to its original reinsurance rate. The guaranty agency would continue to hold the loan and attempt to collect on it like any other default or lender-of-last-resort loan (default) claim. However, the change in status must also be reported in this Section. Also include exempt claims being reported due to a change in status of the default claim to a Chapter 7, 11, 12 or 13 bankruptcy that are not discharged and return to default or lender or lender-of-last resort loan (default) claim status.

Agency Accruals (Accounting Entries)

This Section reports on amounts owed to ED on accounts held by the guaranty agency, including an estimate of the age of these amounts. ED uses this information in conjunction with guaranty agency monthly/quarterly reporting, to calculate guaranty agency's Federal receivable balances. The Federal receivable balance outstanding includes amounts for default, exempt and default lender-of-last-resort claims, accrued interest and other charges, on which reinsurance has been requested by or paid to the guaranty agency based upon the account's reinsurance percentage rate of 100, 98, 95, 90, 88, 85, 80, 78, or 75.

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Example: Borrower loan balance to include Principal, interest and other charges x (times) the reinsurance applicable loan percentage rate; i.e.

Correct Method Example: Loan balance (amount paid to lender) \$100.00 ($\$100.00 \times 95\%$) = \$ 95.00 Federal Receivable.

Do not include in the calculation the lender insurance percentage rate; i.e., $\$100.00 \times 98\% \times 95\%$. This method will create the GA reimbursement amount or reimbursement percentage rate and when combined with the complement amount creates a non-reported shortage; i.e.

Incorrect Method Example:

Borrower balance	$\$100.00 \times 98\% \times 95\%$	\$ 93.10
Complement amount	$(\$100\% - 95\%) \times \100.00	5.00
GA Reimbursed amount plus complement		98.10
Non-reported		
Shortage in Federal Receivable calculation		1.90
Original borrower balance		\$ 100.00

This information is also needed in order to adjust ED's financial records and comply with federal government financial reporting requirements. This reporting only concerns FFEL program loans, on which claims have been paid to lenders and reinsurance has been requested or paid to the guaranty agency. GA's are required to submit this section monthly. All amounts reported in this section (MR-24 through MR-26) can be positive or negative.

Amounts reported on line items MR-24 through MR-26, Agency Accruals, represents the guaranty activity for the current reporting period, (e.g., monthly).

Principal Amounts Column

The total amount of principal and purchased interest activity for the reporting period, based upon the account's applicable reinsurance percentage (amount paid by ED). Principal includes all purchased interest because purchased interest must be capitalized by the guaranty agency. This column is not applicable for reporting on MR-26, Agency Accruals.

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Interest Amounts Column

The total amount of accrued interest calculated by the guaranty agency on the loan principal of a claim for collection from the borrower during the period being reported based upon the account's applicable reinsurance percentage rate (amount paid by ED).

Other Amounts Column

The total amount of fees, penalties, collection charges and any other charges based upon the account's applicable reinsurance percentage rate (amount paid by ED) that has accrued for any loan for the reporting period.

MR-24 Collection Terminations

Enter the dollar amount of the portion of federal receivable balances (i.e. loan principal, accrued interest, and other charges) on which the agency has decided to terminate collection activities and not to make any further attempt to collect the amount due (i.e., loans with small balances, less than \$100.00). All collection terminations must meet standards approved by ED.

MR-25 Compromises

Enter the dollar amount of the portion of the federal receivable on which the agency has reached a compromise agreement with the debtor. Compromise refers to a negotiated agreement between the debtor and the guaranty agency to accept a payment of a lesser portion of the total debt as full liquidation of the entire indebtedness. Guaranty agencies are permitted in certain cases to accept a compromise amount from a debtor as full satisfaction of the debt to all parties (reference Dear Agency Director Notice dated January 21, 1994).

MR-26 Agency's Accruals

Enter the amount of periodic interest accrued on loan principal for the current reporting period of the agency (e.g. month). Include interest that is accrued and also collected in the same period. Also report amounts of additional other charges (e.g., collection costs) added to the borrowers' accounts during the current reporting period. Include all accrued amounts deemed collectible to which the Secretary is entitled to an equitable share.

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GUARANTY AGENCY FINANCIAL REPORT MONTHLY/QUARTERLY

Chapter

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This Section reports on amounts owed to ED on accounts held by the guaranty agency, including an estimate of the age of these amounts. ED uses this information in conjunction with guaranty agency monthly payment reporting, to calculate guaranty agency's Federal receivable balances. This information is also needed in order to adjust ED's financial records and comply with federal government financial reporting requirements. This reporting only concerns FFEL program loans, on which claims have been paid to lenders and reinsurance has been requested or paid to the guaranty agency. GA's are required to submit this section monthly. All amounts reported in this section (MR-27 through MR-42) can be positive or negative.

Agency Accruals (Information)

ED uses line items MR-27 through MR-31 in conjunction with guaranty agency monthly payment reporting, to calculate the guaranty agency's Federal receivable balance. The Federal receivable balance outstanding includes amounts for default, exempt and default lender-of-last-resort claims, accrued interest and other charges, on which reinsurance has been requested by or paid to the guaranty agency based upon the account's reinsurance percentage rate of 100, 98, 95, 90, 88, 85, 80, 78, or 75.

Example: Borrower loan balance to include Principal, interest and other charges x (times) the reinsurance applicable loan percentage rate; i.e.

Correct Method Example: Loan balance (amount paid to lender) \$1,000.00 ($\$1,000.00 \times 95\%$) = \$ 950.00 Federal Receivable.

Amounts reported on line items MR-27 through MR-31, Agency Accruals, represents the guaranty agency activity for the current reporting period. (e.g. monthly).

Enter all dollar amounts (positive and negative) to the nearest cent, and include decimal point.

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Principal Amounts Column

The total amount of principal and purchased interest activity for the reporting period, based upon the account's applicable reinsurance percentage (amount paid by ED). Principal includes all purchased interest because purchased interest must be capitalized by the guaranty agency.

Interest Amounts Column

The total amount of accrued interest calculated by the guaranty agency on the loan principal of a claim for collection from the borrower during the period being reported based upon the account's applicable reinsurance percentage rate (amount paid by ED).

Other Amounts Column

The total amount of fees, penalties, collection charges and any other charges based upon the account's applicable reinsurance percentage rate (amount paid by ED) that has accrued for any loan for the reporting period. *No reporting is required in the Other Amounts column for line item MR-32 Ending Balance on Defaulted Loans.*

MR-27 Default FFELP Loans Consolidated By Direct Loan Program

Enter the federal receivable amounts of Federal Family Education Loan Program loans, which were consolidated in the William D. Ford Direct Loan Program during the period being reported.

MR-28 Subrogated Loans

Enter the federal receivable dollar amount for subrogated loans (permanent assignments to ED). Report *only* on subrogated loans that are accepted by the Debt Collection Service during the reporting period.

MR-29 Default Loans Transferred Out

Enter the net dollar amount of federal receivables transferred to another guaranty agency during the reporting period. Report only those accounts that have been accepted by another guaranty agency during the period being reported. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school, false certification, settled loans or loans written-off.

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MR-30 Default Loans Transferred In

Enter the net dollar amount for all federal receivables transferred to the agency from another guaranty agency during the reporting period. Do not include loan guarantees, loans in repayment or loans where the status is, or has changed to death, disability, bankruptcy, closed school or false certification.

MR-31 Other Transactions Affecting Federal Receivable

Enter the net dollar amount affecting the federal receivable that is not reported elsewhere on this report. Include balances (total balance due) of \$25.00 or less that do not

meet the requirements for MR-24, Collection Terminations or MR-25, Compromises. Any amounts reported in MR-31 must be accompanied by details (in the GA Comment section of the GAFR) to support the entry (i.e., reference to line item(s) and applicable amount(s). Details reported in the GA Comment section should support the total amount reported in MR-31. Positive amounts represent a decrease in the federal receivable balance and negative amounts represent an increase in the federal receivable balance.

Until the Guaranty Agency Financial Report (GAFR) is revised, use this line item to report the federal receivable portion of unpaid refund discharges, teacher loan forgiveness discharges, Consolidation loan partial discharges on guaranty agency held loans, and judgment loan amounts that are to be deducted from collection recovery calculation.

Use the GA Comment section of this report to identify all line item adjustments with corresponding amounts in addition to unpaid refund discharges, teacher loan forgiveness discharges, and judgment loans. Please indicate for each transaction, other than judgment accounts, whether the transaction is an increase or decrease to the federal receivable balance. Judgment accounts will have no impact on the federal receivable calculation.

Example: A guaranty agency has two requests for discharges on loans they hold:

Borrower	Amount	Reinsurance Reimbursement	Federal Receivable
#1	\$ 1,000.00	1000*98%	\$980.00
#2	500.00	500*95%	\$475.00
Subtotal			1,455.00

The amount entered in MR-31, Other Transactions Affecting

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Federal Receivable, Principal Amount is \$1,455.00.

MR-32 Ending Balance of Defaulted Loans

This dollar amount reflects the agency's total outstanding federal receivable on the accrual basis at month end. The sum of MR-33 through MR-40, Delinquency by Debt category should equal total principal and interest reported in this line item.

In addition the Department of Education (ED) uses guaranty agency reporting to establish the federal receivable and check for reasonability. Below is the methodology that should serve as a guide for reporting the Federal Receivable Balance on Line Item MR-32, Ending Balance on Defaulted Loans.

Instructions: Start with the preceding period's ending balance as the beginning Federal Receivable Balance (MR-32, Ending Balance on Defaulted Loans). From that balance add and subtract the current period activity to arrive at the Federal Receivable Balance at the end of the period. Then compare the period calculated federal receivable balance with the period's ending balance as reported on MR-32 Ending Balance on Defaulted Loans. Check for reasonability.

- (+) The preceding period's ending Federal Receivable Balance as reported on **MR-32, Ending Balance on Defaulted Loans.**
- (+) Additions to the Federal Receivable Balance:
 - Claims Paid (**Principal**)
 - MR-1-A, Defaults
 - MR-1-B, Exempt and Lender of Last Resort
 - Activity on Accounts and Non-Payment Activity (**Principal and Interest**)
 - MR-4, TOP Overpayments
 - MR-18, Non-Federal Share Offset
 - MR-19, Treasury Offset Reversals
 - MR-23, Bankruptcy to Default/Lender of Last Resort
 - Status Changes (**Principal and Interest**)
 - MR-3-A, Death/Disability
 - MR-3-B, Closed School/False Certification
 - MR-3-C, Bankruptcy
 - Agency Accruals (**Principal and Interest**)
 - MR-26, Agency's Accruals
 - MR-30, Default Loans Transferred In
- (-) Decreases to the Federal Receivable Balance
 - CFY and PFY Repurchases (**Principal**)
 - MR-5-A, MR-6-A, Defaults

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- MR-5-B, MR-6-B, Exempt/Lender of Last Resort
- CFY and PFY Partial Refunds (**Principal**)
- MR-7-A, MR-8-A, Defaults
- MR-7-B, MR-8-B, Exempt/Lender of Last Resort
- Overstated Claims (**Principal**)
- MR-9-A, Defaults
- MR-9-B, Exempt/Lender of Last Resort
- Payments to ED for Rehabilitated Loans, FFEL Consolidation refunds and collections on defaulted loans:
 - MR-10, Rehabilitated Loan Refund (Principal Amount)
 - MR-10-A, Rehabilitated Loans (Principal and Interest Amounts)
 - MR-11, FFEL Consolidation Refund (Principal and Interest Amounts)
 - MR-12, Administrative Wage Garnishment (Principal and Interest)
 - MR-12-B, Administrative Wage Garnishment – GA Retention (Principal and Interest)
 - MR-13, Default Collections (Principal and Interest)
 - MR-13-B, Default Collections – GA Retention (Principal and Interest)
- Non-Payment Activity (**Principal and Interest**)
 - MR-17, Treasury Offset
 - MR-20, Default/Lender of Last Resort to Death/Disability
 - MR-21, Default/Lender of Last Resort to Closed School/False Certification
 - MR-22, Default/Lender of Last Resort to Bankruptcy
 - MR-24, Collection Terminations
 - MR-25, Compromises

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- MR-27, Default FFEL Consolidated by Direct Loan Program
- MR-28, Subrogated Loans
- MR-29, Default Loans Transferred Out
- (+/-) Increase or Decrease to the Federal Receivable Balance
- MR-31, Other Transactions Affecting Federal Receivable

(=) Ending Federal Receivable Balance. The sum of the amounts shown above is used to derive an ending receivable balance at period end. This Federal Receivable Balance amount is compared to the Federal Receivable Balance as reported on the GAFR, Line Item MR-32 at period end. MR-32, Ending Balance on Defaulted Loans should also be the total of MR-33 through MR-40, Delinquency by Debt Section.

Delinquency by Debt

These line items report amounts owed to ED on accounts held by the guaranty agency at month end, including an estimate of the age of these amounts. This information is needed in order to adjust ED's financial records and to comply with federal government financial reporting requirements. On these line items only report FFEL Program loans on which claims have been paid to lenders and reinsurance has been requested by or paid to the guaranty agency. Report only on accounts held by the guaranty agency on borrowers' loans, whether or not the guaranty agency has a repayment schedule with the borrower.

Amounts reported on line items MR-32 through MR-40, Delinquency by Debt, represent the agency's outstanding federal receivable balance at the end of the reporting period based upon the account's applicable reinsurance percentage rate. These amounts are cumulative from the inception of the FFEL program. Include all loans since the beginning of the agency's FFEL Program participation on which default, exempted and default lender-of-last-resort claims have been paid and on which a balance is outstanding.

Claims permanently assigned to ED are not to be reported in this section because the agency no longer holds the account.

Do not include amounts for repurchased, rehabilitated loans, defaulted loans consolidated under FFEL Program or defaulted loans consolidated under the Federal Direct Loan Program. Also do not include loans for the following types of claims: bankruptcy, death and disability and closed school or false certification.

When reporting an outstanding balance, which is owed to ED, include only that portion of an account that is based upon the applicable reinsurance reimbursement rate. Though the guaranty agency may estimate the outstanding balance for each aging category, the sum of the amounts reported must accurately reflect the total Federal Receivable at the agency.

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MR-33 Not Delinquent

If a borrower complies with a repayment schedule, then the account is reported as not delinquent. An account is also reported in this line item if the first scheduled payment is not due by the last day of the month covered by this report.

MR-34 (1 – 90 Days)

through

MR-40 Over 10 Years

Enter the outstanding dollar amount for the number of days that the borrower is delinquent:

- On the repayment schedule established by the lender before the guaranty agency's payment of the lender's claim, or
- An amount for accounts that has been scheduled or rescheduled under a repayment agreement, but the borrower is not meeting the repayment agreement.

The first day of delinquency is the day after the due date of the first missed scheduled or rescheduled payment not later made.

Since a claim is usually not paid to a lender until after—

- 180 days of delinquency for loans delinquent before 10/7/98, and
- 270 days for loans delinquent on or after 10/7/98,

The sum of MR-33 through MR-40 should equal MR-32, Ending Balance on Defaulted Loans on the accrual basis.

Bankruptcy Reporting

MR-41 Ending Balance on Bankruptcies

Line item MR-41, Ending Balance on Bankruptcies, represents the outstanding bankruptcy balance at the end of the period being reported and amount is not reduced by any reinsurance rate but reported at 100% of balance. This amount is cumulative from the inception of the FFEL program. Enter the dollar amount that reflects the agency's total outstanding federal balance for bankruptcies (at 100% rate) on the accrual basis at the end of the period being reported.

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MR-42 Bankruptcies Transferred Out

Line item MR-42, Bankruptcies Transferred Out, represents the activity for the current reporting period (report at 100% of balance).

Enter the dollar amount that reflects principal, interest and other charges associated with bankruptcy accounts transferred to another guaranty agency at 100% rate for the period being reported (for example bankruptcy transfers to the Educational Credit Management Corporation (ECMC) or to ED).

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GUARANTY AGENCY FINANCIAL REPORT ANNUAL

Chapter

3

The Annual Report (AR) provides the Department with information on the guaranty agency's activities concerning loan guarantees, claims paid to lenders and the agency's financial activities, including activities concerning its Federal Fund, and the agency's Operating Fund. Guaranty agency reporting on the restricted account is no longer required. Information in this section must reflect activity under all FFEL programs (Federal Stafford, PLUS Loans, Federal SLS, Federal Consolidation and Unsubsidized Stafford Loans for Middle-Income Borrowers) in, or as of the end of, the federal fiscal year. The Annual Report must be submitted to ED no later than 60 days after the end of the federal fiscal year (September 30th).

Amounts reported in the Federal Fund and Operating Fund reflects the annual uniform financial projections for guaranty agencies. Data collected will also provide the Department a basis for—

- financial reviews,
- evaluating the current and projected financial status of guaranty agencies,
- projecting the impact of changes in revenue, and
- managing guaranty agency federal funds held by the agency.

The guaranty agency's books of account must support all amounts reported. The amounts reported in this report must be on an accrual basis for, or through, the end of the federal fiscal year. This must be done regardless of the agency's method and period of accounting used for its annual audited financial statements and other financial reports. All amounts reported in this section for Current Fiscal Year (AR-15 through MR-57) can be positive or negative.

During previous fiscal years several guaranty agencies merged and more agencies may merge or otherwise change structure in the future. In order to maintain a reasonable database with respect to the last quarter of operation of an agency, an AR must be completed and submitted to ED by the merging and succeeding guarantor. If a merger occurs, the merging and successor guaranty agencies must coordinate to ensure that amounts are not



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double counted on the Annual Report.

The merging guaranty agency should report on all Annual Report line items, as appropriate, and according to the instructions.

The gaining guaranty agency should report on AR-6, Loans Transferred In; and the Federal Fund balance from the merging guarantor received in AR-20, Federal Fund Other Revenues

After a guaranty agency's Annual Report passes all edits and is accepted by ED, it is still possible that an error may be discovered and an adjustment will be needed. ED defines an adjustment as a change to an agency's annual report after acceptance. Guaranty agencies are able to submit amended Annual Reports via the GAFR web application *only*.

NOTE: No amended annual reports should be entered into the Financial Management web application prior to FSA's review and acceptance of the proposed amendment. Proposed amendments that affect the prior fiscal year's Federal Fund balance will not be accepted in the current fiscal year. These adjustments will have to be made in the next fiscal year. Proposed amendments that do not affect the Federal Fund balance and are accepted by FSA may be entered into the Financial Management web application in the current fiscal year.

Enter all dollar amounts to the nearest dollar. **Do not** include decimal points and cents. ED always assumes that the last digit in the dollar amount field represents dollars, not cents.

The GAFR Annual Report must be completed and submitted for a federal fiscal year of activity after the end of that federal fiscal year and must be received by ED within 60 days after the end of the fiscal year. Enter the Guaranty Agency Code, the Guaranty Agency State Name, and the Federal Fiscal Year Ending date. Enter the date as MM/CCYY.

Loans in Repayment

This section shows the agency's activities concerning loan guarantees and claims paid to lenders. Report on all loans originally guaranteed by the agency under the FFEL Program, even if these loans were later canceled or later lost their insurance or reinsurance.

All amounts reported in AR-1 through AR-12 are cumulative since the beginning of the agency's participation in the FFEL Program. Line Items AR-13 and AR-14 should reflect

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point in time end-of-fiscal year status.

Information submitted in this section should be consistent with and comparable to relevant information reported to the National Student Loan Data Systems (NSLDS).

AR- 1 Loans Guaranteed (Except Federal Consolidation)

Enter the original principal guaranteed dollar amount of all loans guaranteed. Do not reduce by any cancellation. Do not include amounts of loan guarantees transferred in from another guaranty agency in this item.

AR- 2 All Loans Canceled (Except Federal Consolidation)

Enter the original principal amount of loans canceled before first disbursement, loans disbursed where the lender's check is returned uncashed, the lender's check remains uncashed 120 days after disbursement, the electronic funds transfer (EFT) is not completed, or the amount of the loan disbursed by EFT is returned within 120 days of the transfer. School refunds are not to be reported in this line item.

If

- an amount is returned to the lender within 120 days after the lender's check is cashed or the EFT is completed, treat it as a cancellation;
- a loan has multiple disbursements, and part is canceled under these conditions, and the rest is never disbursed, include the cancelled part of the loan amount in this item (the amount never disbursed); and
- only part of a loan is canceled under these conditions, include that part of the loan amount here.

AR- 3 Federal Consolidation Loans Guaranteed

Enter the original principal dollar amount of federal consolidation loans guaranteed before any cancellation. Include any interest capitalized by the lender in this item. Also include the borrower interest due on the underlying loans at the time they are consolidated. Do not include amounts of loan guarantees transferred in from another guaranty agency in this item.

AR- 4 Federal Consolidation All Loans Canceled

Enter the original principal amount of federal consolidated loans canceled before first disbursement; loans disbursed where the lender's check is returned uncashed; the lender's check remains uncashed 120 days after disbursement; the electronic funds transfer (EFT) is not completed; or the amount of the loan disbursed by EFT is

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returned within 120 days of the transfer.

AR- 5 Uninsured Loans

Enter the original principal amount of loans, which have lost insurance and are not eligible for cure under ED regulations. When loan losses insurance it means the guaranty agency will not pay a claim to a lender, or if it did, the lender refunded the claim amount. Any loan, which loses insurance also, loses eligibility for reinsurance.

Do not include any loan amounts, which were canceled in this item, whether the amount was canceled before or after disbursement. A canceled loan is not considered to be uninsured as these terms are used in the annual report.

AR- 6 Loans Transferred In

Enter the original principal amount, net of cancellations prior to or subsequent to the date of transfer, of all loan guarantees transferred to this agency from other guaranty agencies (prior to default). Include voluntary and involuntary transfers. A voluntary transfer is at the request of a borrower, lender or guaranty agency to the agencies involved prior to any claim submittal to maintain the borrower records with one agency. An involuntary transfer, often referred to as the "Secretary's Plan" is a transfer directed or requested by the Secretary of Education. The Secretary's Plan protects the interest of the FFEL Program when a guaranty agency faces insolvency or otherwise may not be able to carry out its program responsibilities.

AR- 7 Loans Transferred Out

Enter the original principal amount, net of cancellations prior to date of transfer of all loan guarantees transferred to another guaranty agency (prior to default). Entries must be reported as positive numbers.

AR- 8 Default Claims Paid

Enter the amount paid to lenders for default, exempt (include claims where the student has been convicted of, or plead nolo contendere to, a crime involving fraud in obtaining title IV student aid and claims where the borrower is a victim of identity theft) and default lender-of-last-resort loans. A default claim is one on which the borrower failed to make an installment payment when due as defined in regulations.

Regardless of whether the effective date of the borrower payment, received from a lender and forwarded to the guaranty agency for the loan, is before or after an insurance claim was paid, treat the payment as a refund and subtract the amount of refunded principal from this amount. . Borrower payments received by the lender and forwarded

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to the guaranty agency, whether before or after claim payment or receipt of reinsurance, are not subject to collection retention and should be reported here.

School refunds received before reinsurance claim filing should be deducted from the claim request amount and school refunds received after reinsurance filing should be treated as a refund of reinsurance and deducted from amounts reported in this item.

If a lender repurchases (full refund of reinsurance) a loan previously paid as a default, by the agency, subtract the principal amount that was repurchased by the lender.

If a loan is rehabilitated subtract the amount of outstanding principal on the loan at the time the loan is rehabilitated. If a defaulted FFEL loan is consolidated under a FFEL Consolidation loan do not subtract the amount of outstanding principal.

If a defaulted FFEL loan is consolidated under a Federal Direct Consolidation Loan, do not subtract any amount from this item.

Claims, which lose insurance, must also be deducted from this amount. If ED has paid a default reinsurance claim to the guaranty agency in such a situation, then the claim amount must be reported and refunded to ED using the monthly report.

If the loan loses reinsurance, but not insurance, then leave this amount unchanged.

AR- 9 Bankruptcy Claims Paid

Enter the amount of principal paid to lenders for all types of bankruptcy claims (including Chapters 7, 11, 12 and 13).

If the agency receives a payment from a lender for the loan after a bankruptcy insurance claim was paid, treat the payment as a refund and subtract the amount of refunded lender principal from this amount. However, if the agency receives a payment at the direction of the Bankruptcy Court during the course of the bankruptcy proceedings, then treat it as a collection and report it on the monthly report.

If the Bankruptcy Court does not discharge the loan, then the guaranty agency must arrange for a lender to repurchase it. Subtract the amount of repurchased principal from this amount. If ED has paid a bankruptcy reinsurance claim to the guaranty agency on the loan, then the reinsurance claim amount must be reported and refunded to ED, within 45 days, on the monthly report.

If the borrower subsequently defaults after the repurchase, then treat the loan like any other default and report the amount in items AR-8, Default Claims Paid-Amount.

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A guaranty agency may also file with ED for default reinsurance on the loan using monthly report.

Do not include in this item claims paid as defaults where the borrower files for bankruptcy after the default claim was paid. Report such default claims in item AR-8, Default Claims Paid-Amount.

AR-10 Death and Disability Claims Paid

Enter the amount of principal paid to lenders for death, and for total and permanently disability claims. A death claim is one on which the loan is canceled due to the death of the borrower or a dependent student. This includes a Federal PLUS loan death claim paid to a lender when a student, on whose behalf a parent received the Federal PLUS loan, dies. A disability claim is one on which the loan is conditionally discharged due to the total and permanent disability of the borrower.

If a lender repurchases a loan, which had been previously paid as a death or disability claim by the agency (that is, the agency paid an invalid claim), subtract the amount of repurchased principal from this amount. The lender may also repurchase the loan if a borrower reaffirms a debt previously paid as a disability claim.

AR-11 Closed School/False Certification Claims Paid

Enter the amount of principal paid to lenders for closed school and/or false certification claims. A closed school claim is one on which a claim is paid to a lender because the student was unable to complete the program in which the student was enrolled due to the closure of the institution. A false certification claim is one on which a claim is paid to a lender because the student's eligibility under the FFEL Program was falsely certified by the eligible institution of higher education.

If a lender repurchases a loan, which had been previously paid as a closed school or a false certification claim by the agency (that is, the agency paid an invalid claim), subtract the amount of repurchased principal from this amount.

AR-12 Loans Paid-In-Full

Enter the original principal amount (net of cancellations) of all loans that have been paid-in-full or are presumed paid-in-full (e.g., the loan has been in repayment 12 or more years and there has been no update to the outstanding balance in four (4) years).

For loans that were paid through consolidation, report the sum of the original principal amount for each individual loan that was discharged. This includes Federal

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Stafford (both subsidized and unsubsidized, including Unsubsidized Loans for Middle-Income Borrowers), Federal PLUS Loans and Federal SLS Loans.

Do not include loan amounts in a consolidation due to a Federal Consolidation Loan that were guaranteed by other agencies. If a Federal Consolidation Loan has been paid-in-full report the original principal amount of the Federal Consolidation Loan. Underlying loans associated with a Federal Consolidation Loan should be reported as PIF at the time of consolidation.

AR-13 Federal Stafford and Unsubsidized Stafford Interim Loans

Enter the principal amounts, net of cancellations, of all Federal Stafford loans and Unsubsidized Stafford Loans for borrowers who are in school or in their grace period as of the last day of the reporting year

AR-14 Total Loans in Deferment Prior to First Payment

Enter the original principal amount, net of cancellations, of all FFEL program loans that entered deferment status before the first payment became due and are in deferment status at the end of the reporting year.

Financial Report Introduction

The financial activity reported in the Federal Fund, Operating Fund and Balance Sheet sections should reconcile to the amounts reported on the Guarantor's audited financial statements (accrual basis). If there are any differences between the net assets on the audited financial statement and the ending balance as submitted on AR-57, Federal Fund Balance in the Balance Sheet Section, guarantors must submit a schedule explaining those differences to the Department. These schedules should be sent via e-mail to FSA_GAR@ed.gov. Data collected will also provide the Department with a basis for:

- financial reviews,
- validating the current and projected financial status of guaranty agencies,
- projecting the impact of changes in revenue, and
- managing guaranty agency federal funds held by the agency.

Federal Fund

The activity reported in this section should reconcile to the amounts reported on the Guarantor's audited financial statements (accrual basis). Projected yearly estimates are required for line items AR-16 through AR-26, with the exception of AR-24, Transfer to

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Operating Fund for Account Maintenance Fee. The ending balance should equal the ending balance on AR-57 (Federal Fund Balance Sheet Section).

AR-15 Beginning Balance (from AR-26 as of 9/30/XX)

Current Year - Report prior FY ending balance, AR-26.

Projected Years - Same as AR-26, Ending Balance for the previous fiscal year.

AR-16 Investment Income

Current Year - Report investment income recognized in the Federal Fund, including net increase (decrease) in fair value of investments. If the agency is required by State law to combine FFEL program funds with other State funds for investment purposes, then the agency must establish a method for allocating a portion of the earnings to the FFEL program and must maintain documentation on the allocation method.

Do not include interest earned on the Restricted Account, it should be reported in item AR-36 Other Revenue (FFEL and Non-FFEL) and earmarked for default prevention activities.

Interest activity previously reported on AR-49 (Restricted Account Cash, Cash Equivalents and Investments) should be reported here on AR-16.

Projected Years - Report projected investment income on the Federal Fund.

AR-17 Reinsurance from ED

Current Year - Report Federal reinsurance from ED, net of refunds, overpayments and repurchases, for defaults, bankruptcies, death, disability, closed school, false certification teacher loan forgiveness discharges and unpaid refunds. To calculate this amount: add Amount Due To/(From) Guarantor for MR-1, Claims Paid plus MR-3, Status Changes, minus MR-5 Repurchases-CFY minus MR-6, Repurchases-PFY, minus MR-7, Partial Refunds-CFY minus MR-8, Partial Refunds-PFY minus MR-9, Overstated Claims for the fiscal year being reported.

Projected Years - Defaults on loans originated prior to FFY 94 receive maximum 100% reinsurance. Defaults on loans originated on or after FFY 94 through FFY 98 receive a maximum 98% reinsurance. And defaults on loans originated on or after FFY 98 receive a maximum of 95% reinsurance. Multiply line item AR-21 by the weighted reinsurance "percentage".

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AR-18 Collections of Defaulted Loans – Reinsurance Complement

Current Year - Report the reinsurance complement collected on defaulted loans. This amount should equal the twelve months reported fiscal year to date (FYTD) on the monthly GAFR, Line Items MR-10 through MR-13 for the current FFY. The reinsurance complement is calculated as follows: Total Collected less Secretary's Share less GA Retention. For comparison and reasonability editing ED will estimate reinsurance complement on MR-10, Rehabilitated Loans. Guarantors are required to transfer the complement of the reinsurance rate, which was not reimbursed by the Department on collections of defaulted loans to the Federal Fund.

Projected Years - Report projected amount of the reinsurance complement from collections on FFEL loans.

AR-19 Insurance Premiums

Current Year – Report the Federal default fee amount recognized. Effective for loans guaranteed on or after July 1, 2006, the optional 1 percent insurance premium (guarantee fee) has been eliminated and replaced by a mandatory Federal default fee. The fee is equal to 1 percent of the principal amount of loans guaranteed on or after July 1, 2006.

The Federal default fee can either be charged to the borrower by a deduction from the proceeds of the loan or paid from other non-federal sources. If the borrower is charged a fee, it must be deducted proportionally from the loan proceeds. The default fee must be deposited into the agency's Federal Fund immediately upon receipt, but no later than 45 days after the loan proceeds have been disbursed by the lender, even if payment is made from a source other than borrower proceeds.

Projected Years – Enter the amount of projected revenue to be recognized.

AR-20 Other Revenues

Current Year - Report other revenues included in the Federal Fund not reported elsewhere in this section. Include deferred revenues in this line item. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment A.) Itemized entries may include: Secretary's Share of default collections, the collection costs (up to 8.5% of collection costs charged the borrower) on default FFEL and DL Consolidation loans, OIG interest penalty, vehicle sales, audit findings, IRS refund reimbursement; 48 hour settlement, utilities, and usage fees. These examples are not all inclusive.

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Projected Years - Report projected revenues included in the Federal Fund not reported elsewhere in this section. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment A.)

AR-21 Claims Expensed to Lenders

Current Year - Report default, exempted, bankruptcy, death and disability, closed schools and false certification and lender-of-last-resort default insurance claims, teacher loan forgiveness discharges, and unpaid refunds expensed during the FFY, net of refunds, overpayments, and repurchases for all FFEL program loans.

Include amounts attributable to repurchases and amounts on which claims have been paid to lenders, but on which reinsurance has not yet been received from ED. Also include amounts which are eligible for insurance from the guaranty agency, but which are not eligible for reinsurance from ED. Subtract from this, amounts for refunds, repurchases or overpayments returned by lenders. Do not subtract amounts for rehabilitated loans or defaulted loans consolidated under the FFEL program.

Amounts for defaulted FFEL program loans consolidated under the Federal Direct Loan Program should not be subtracted.

Projected Years - Report projected amount of total claims expensed. Provide methodology for this estimate.

AR-22 Recall of Federal Funds to the Restricted Account

No reporting required for this line item. .

AR-23 Transfer to Operating Fund for Default Aversion

Current Year - Report net Default Aversion expense recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized under the Department's regulation and guidance for the current federal fiscal year. Amount should agree or be reconcilable to line AR-30, Default Aversion Fee Revenue.

Projected Years - Project net Default Aversion expense to be recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized under the Department's regulation and guidance for the current federal fiscal year. Amount should agree or be reconcilable to line AR-30, Default Aversion Fee Revenue.

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AR-24 Transfer to Operating Fund for Account Maintenance Fee

Current Year – As applicable, report the transfer amount, regardless of the actual transfer, from the Federal Fund for account maintenance fee for the current FY. Amount should reconcile to line AR-33, Transfer from Federal Fund for Account Maintenance Fee.

AR-25 Other Expenses

Current Year - Report other expenses, which are not reported elsewhere in the Federal Fund section. Include provision for loan losses (example of calculation provided in AR-56), the Secretary's Equitable Share recognized on collections of defaulted, consolidated, and rehabilitated FFEL loans, and guarantor retention on these collections. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment A.) Itemized entries may include: Secretary's share on collections, Secretary's fee on defaulted FFEL and Direct Loan Consolidation loans (up to 8.5% of collection costs charged the borrower), premium fee refunds to lenders, early withdrawal counseling fee, GA portion of \$250M recall, refund of insurance premiums, depreciation, IRS tax offset, prior year accrual..

Projected Years - Report projected other expenses, which are not reported elsewhere in the Federal Fund section. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment A.)

AR-26 Ending Balance

Current Year - The ending balance must equal the sum of AR-15 through AR-20 minus AR-21 through AR-26 as well as the ending balance on AR-57 (Federal Fund Balance Sheet Section).

Projected Years - The projected ending balance must equal the sum of AR-15 through AR-20 minus AR-21 through AR-25.

Supplemental Information

AR-27 Amount transferred from Federal Fund to Operating Fund for Operating Expenses (Repayable)

No reporting required for this line item. .

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AR-28 Amount received from Operating Fund to Repay Advance for Operating Expenses

No reporting required for this line item.

Operating Fund

The activity reported in this section should reconcile to the amounts reported on the Guarantor's audited financial statements on an accrual basis. Projections are required for line items AR-29 through AR-40, except AR-33 and AR-40.

AR-29 Beginning Balance (from 9/30/XX)

Current Year - Report prior FFY ending balance, AR-40.

Projected Years - Same as AR-40, Ending Balance for the previous fiscal year.

AR-30 Default Aversion Fee Revenue

Current Year - Report DAF revenue recognized for delinquent loans for which agencies receive lender requests for default aversion assistance and for which payment is authorized by Department's regulations and guidance. Amount should reconcile to line AR-23, Transfer to Operating Fund for Default Aversion.

Projected Years - Report projected DAF revenue to be recognized for delinquent loans for which agencies receive lender requests for assistance and for which payment is authorized by the Department's regulations and guidance. Amount should reconcile to line AR-23, Transfer to Operating Fund for Default Aversion.

AR-31 Loan Processing and Issuance Fee Revenue

Current Year - Report loan processing and issuance fee revenue recognized.

Projected Years - Report projected loan processing and issuance fee recognized.

AR-32 Account Maintenance Fee Revenue Received from ED

Current Year - Report account maintenance fees recognized from the Department.

Projected Years - Report projected account maintenance fees to be recognized from the Department.

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AR-33 Transfer from Federal Fund for Account Maintenance Fee

Current Year - Report account maintenance fees recognized subject to Federal Fund settlement (AR-24, Transfer to Operating Fund for Account Maintenance Fee) when amount exceeds ED's budgetary cap.

AR-34 Collections of Defaulted Loans less Reinsurance Complement (GA Collection Retention)

Current Year - Report collection revenue recognized from payments to guaranty agency by defaulted borrowers. Amount reported should be your agency's share of collections and does not include Secretary's Equitable Share of collections. Include receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFEL program. Do not include amounts reported in AR-18, Reinsurance Complement or payments received to consolidate under the Federal Direct Loan Program. Direct Loan payments should be reported in AR-36, Other Revenue.

Projected Years - Report projected collection revenue recognized from payments to guaranty agency by defaulted borrowers. Amount reported should be your agency share of collections. Include receipts from rehabilitated loan sales and consolidation of defaulted loans under the FFEL program. Do not include AR-18 (Reinsurance Complement).

AR-35 Investment Income

Current Year - Enter the amount of all investment income recognized in the Operating Fund including net increase (decrease) in fair value of investments

Do not include interest earned on the Restricted Account, it should be reported in item AR-36, Other Revenue (FFEL and non-FFEL).

Projected Years - Report projected earnings on the Operating Fund investments.

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AR-36 Other Revenue (FFEL and Non-FFEL)

Current Year - Report other revenues that are FFEL and non-FFEL not already reported elsewhere in this section. This amount will include interest earned on the interest that was transferred from the Restricted Account. Also include payments received to consolidate loans under the Direct Loan Program, net of Secretary's fee. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment B.) Itemized entries may include: service income, default aversion, and VFA revenue.

Project Year - Report projected other revenues that are FFEL and non-FFEL not already reported elsewhere in this section. This amount will include interest earned on the interest that was transferred from the Restricted Account and payments received to consolidate under the Direct Loan Program, net of Secretary's fee. Report projected itemized entries (description and amount) to support total reported in this line item. (See Attachment B.)

AR-37 Collections of Defaulted Loans (Secretary Equitable Share)

No reporting required for this line item due to the 48-hour rule. Secretary's Equitable Share should be reported in AR-25, Other Expenses.

AR-38 Operating Expenses

Current Year - Report expenses associated with guaranty agency related activities, including application processing, loan disbursement, enrollment and repayment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities and compliance monitoring.

Projected Years - Projected expenses associated with guaranty agency related application processing, loan disbursement, enrollment and repayment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities and compliance monitoring.

AR-39 Other Expenditures (FFEL and Non-FFEL)

Current Year - Report other FFEL and Non-FFEL expenses not reported elsewhere in this section. This will include amounts used for default prevention activities. Report itemized entries (description and amount) to support total reported in this line item. (See Attachment B.) Itemized entries may include: 48-hour rule,

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administration costs, transfers to federal fund and OIG audit liabilities.

Project Year - Report projected FFEL and Non-FFEL expenses not reported elsewhere in this section. This will include amounts used for default prevention activities. Report projected itemized entries (description and amount) to support total reported in this line item. (See Attachment B.)

AR-40 Ending Balance

Current Year - The ending balance must equal the sum of AR-29 through AR-36 minus AR-37 through AR-39 = AR-40.

Projected Years - The projected ending balance must equal the sum of AR-29 through AR-36 minus AR-37 through AR-39 = AR-40.

Supplemental Information

AR-41 Amount Received from Federal Fund for Operating Expenses (Repayable)

No reporting required for this line item.

AR-42 Amount Repaid to Federal Fund for Operating Expenses

No reporting required for this line item

Restricted Account

This section reported on all revenues and expenses of the restricted account that was created to retain the recall amounts required by Section 422(h) of the HEA. This section is no longer required.

AR-43 Beginning Balance (from 9/30/XX)

No reporting required for this line item.

AR-44 Recall of Federal Funds from Federal Fund

No reporting required for this line item.

AR-45 Investment Income on Restricted Account

No reporting required for this line item. Amounts previously reported here for interest earned on the Restricted Account is now reported in AR-25, Other

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Expenses.

AR-46 Investment Income on Restricted Account Expensed for Default Prevention

No reporting required for this line item. Amounts previously reported here for earnings from the Restricted Reserve Account expensed for activities to reduce student loan defaults is now reported in AR-39, Other Expenditures.

AR-47 Ending Balance

No reporting required for this line item.

Balance Sheet Section (Federal Fund)

The balances reported in this section should reconcile to amounts reported on the Guarantor's audited financial statements Balance Sheet as of the end of the Federal fiscal year 9/30/XX. The ending balance AR-57 in this section should equal the ending balance on AR-26 (Federal Fund Activity Section). All reporting should be on an accrual basis and in accordance with GAAP.

AR-48 Cash, Cash Equivalents and Investments

Report cash, cash equivalents and investment (regardless of maturity date of investments) balances. If applicable, report your Voluntary Flexible Agreement (VFA) escrow balance in this line item.

AR-49 Restricted Account Cash, Cash Equivalents and Investments

No reporting required for this line item. Do not report escrow balances in this line item.

AR-50 Net Investment in Property, Plant, Equipment and Inventory

Report balances of property, plant, and equipment less accumulated depreciation.

AR-51 Accounts Receivable from the ED

Report balances owed to the Federal Fund by ED (i.e., reinsurance and other payments).

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AR-52 Other Assets

Report total balances of other current and non-current asset accounts that were not reported in line items AR-48 through AR-51. Report itemized entries (description, long-term or short-term, and amount) to support total reported in this line item. (See Attachment C.) Short-term itemized entries may include: guarantee fee receivable, receivable from Operating Fund, and default aversion fee rebate.

AR-53 Accounts Payable, Accrued Expenses and Other Current Liabilities

Report liabilities for expenses due, others than ED, including amounts due Operating Fund and claim payments payable to lenders, if amount is to be paid within 12 months. Report long-term portion in AR-55 (Other Liabilities).

AR-54 Accounts Payable to ED

Report other liabilities for expenses due ED within the next 12 months.

AR-55 Other Liabilities

Report other liabilities that are not reported in other line items, including outstanding federal advances due to ED, and the remaining reserve return obligation, to be paid more than 12 months from current date (i.e., recall for FY 06 and FY 07). Report other short-term Liabilities in AR-53, Accounts Payable, Accrued Expenses and Current Liabilities

AR-56 Allowances and Other Non-Cash Charges to Federal Fund

Report allowances, such as deferred (unearned) Federal default fees, as well as other obligations of the Federal Fund. Report itemized entries (description and amount) to support the total reported in this line item (See Attachment C.). Loan Loss Provision must also be reported in AR-25 (See page 80). Loan Loss Provision is calculated as follows:

Loan Loss Provision:

Original Principal Outstanding (OPO) x Current Year Default Trigger Rate without the rehabilitation credit x 3%

OPO = AR1 - AR2 + AR3 - AR4 - AR5 + AR6 - AR7 - AR8 - AR9 - AR10 - AR11-AR12

Current Year Default Trigger Rate without the rehabilitation credit = (MR1A

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Principal sum for 12 months of the current year – MR7A Principal sum for the 12 months of the current year) / Prior Year's Loans In Repayment (AR1 – AR2 + AR3 – AR4 – AR5 + AR6 – AR7 – AR8 – AR9 – AR10 – AR11 – AR12 – AR13 – AR14)

AR-57 Federal Fund Balance

The Federal Fund balance on an accrual basis for the fiscal year being reported is calculated by adding line items AR-48 through AR-52 and subtracting line items AR-53 through AR-56. This amount should represent the equity on the audited balance sheet section of the Federal Fund. AR-57 must equal AR-26.

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ATTACHMENT A – Federal Fund Itemized Schedule

FEDERAL FUND SCHEDULE OF ITEMIZED LINE ITEMS

ITEM NO.	CATEGORY	AMT./ CY ACTUAL	CY + 1 PROJ.	CY +2 PROJ.	CY +3 PROJ.	CY + 4 PROJ.	CY + 5 PROJ.	EXPLANATION
AR-20	OTHER REVENUES:							
AR-25	OTHER EXPENSES:							

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ATTACHMENT B – Operating Fund Itemized Schedule

OPERATING FUND SCHEDULE OF ITEMIZED LINE ITEMS

ITEM NO.	CATEGORY	AMT./ CY ACTUAL	CY + 1 PROJ.	CY + 2 PROJ.	CY + 3 PROJ.	CY + 4 PROJ.	CY + 5 PROJ.	EXPLANATION
AR-36	OTHER REVENUES:							
	FFEL:							
	NON-FFEL:							
AR-39	OTHER EXPENDITURES:							
	FFEL:							
	NON-FFEL:							
	1. Other Student Financial Aid related expenditures for the benefit of students							

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ATTACHMENT C – Balance Sheet Section Itemized Schedule

BALANCE SHEET SECTION (Federal Fund)

SCHEDULE OF ITEMIZED LINE ITEMS

ITEM NO.	CATEGORY	AMT./ CY ACTUAL	CY + 1 PROJ.	CY + 2 PROJ.	CY + 3 PROJ.	CY + 4 PROJ.	CY + 5 PROJ.	EXPLANATION
AR-52	OTHER ASSETS:							
AR-56	ALLOWANCES AND OTHER NON-CASH CHARGES TO FEDERAL FUND:							

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ATTACHMENT D – Guaranty Agency List

Guaranty Agency List

This is a list of the guaranty agencies that currently or previously received payments from ED under the Federal Family Education Loan Program. Some of these agencies no longer issue loan guarantees or have closed or merged with other agencies.

Listed below for each guaranty agency (GA) is its guaranty agency code, its guaranty agency State name, its guaranty agency abbreviation and its full legal name. For brevity and automatic data processing purposes, ED refers to a guaranty agency by a three-digit code (GA code) or by the name of the principal State in which it does business (GA State name). ED sometimes also refers to a guaranty agency by a two-letter abbreviation (GA abbreviation) based on the guaranty agency State name. **Agencies that no longer guarantee loans or have closed or merged with other agencies are noted with an asterisk.**

The Roman numerals in parentheses in some guaranty agency's State names are used to distinguish between agencies in States which have more than one guaranty agency involved in the Federal Family Education Loan Program. The numerals are assigned from low to high in the order in which the guaranty agencies signed insurance agreements with the Secretary of Education. This list is in alphabetical order by GA State name.

Code; GA State Name, GA Abbreviation; Legal Name:

701*	Alabama, AL	Alabama Commission on Higher Education
804*	Arizona, AZ	Arizona Education Loan Program
705	Arkansas, AR	Student Loan Guarantee Foundation of Arkansas
706	California, CA	California Student Aid Commission
708	Colorado, CO	Colorado College Access Network
709	Connecticut, CT	Connecticut Student Loan Foundation
710*	Delaware, DE	Delaware Postsecondary Education Commission
711*	District of Columbia (I), DG	District of Columbia Student Loan Insurance Program
611*	District of Columbia (II), DC	Higher Education Assistance Foundation - District of Columbia Region
712	Florida, FL	Florida Student Financial Assistance Foundation
713	Georgia, GA	

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	Georgia Higher Education Assistance Corporation
815*	Hawaii, HI Hawaii Education Loan Program
716*	Idaho, ID Student Loan Fund of Idaho, Inc.
717	Illinois, IL Illinois Student Assistance Commission
718*	Indiana, IN State Student Assistance Commission of Indiana
719	Iowa, IA Iowa College Aid Commission
620*	Kansas, KS Higher Education Assistance Foundation - Kansas Region
721	Kentucky, KY Kentucky, Higher Education Assistance Authority
722	Louisiana, LA Louisiana Office of Student Financial Assistance
723	Maine, ME Finance Authority of Maine
724*	Maryland, MD Maryland Higher Education Loan Corporation
725	Massachusetts, MA Massachusetts Higher Education Assistance Corporation
726	Michigan, MI Michigan Higher Education Assistance Authority
627*	Minnesota (I), MN Higher Education Assistance Foundation
727*	Minnesota (II), MM Norstar Guarantee, Inc.
728*	Mississippi, MS Mississippi Guaranteed Student Loan Agency
729	Missouri, MO Coordinating Board for Higher Education
730	Montana, MT Guarantee Student Loan Program
631*	Nebraska (I), NB Higher Education Assistance Foundation - Nebraska Region
731	Nebraska (II), NE Nebraska Student Loan Program
733	New Hampshire, NH New Hampshire Higher Education Assistance Foundation
734	New Jersey, NJ

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	New Jersey Higher Education Assistance Authority
735	New Mexico, NM
	Student Loan Guarantee Corporation
736	New York, NY
	New York State Higher Education Services Corporation
737	North Carolina, NC
	North Carolina State Education Assistance Authority

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738	North Dakota, ND North Dakota Guaranteed Student Loan Program
739*	Ohio, OH Ohio Student Loan Commission
740	Oklahoma, OK Oklahoma Guaranteed Student Loan Program
741*	Oregon, OR Oregon State Scholarship Commission
742	Pennsylvania, PA Pennsylvania Higher Education Assistance Agency
772*	Puerto Rico, PR Puerto Rico Higher Education Assistance Corporation
744	Rhode Island, RI Rhode Island Higher Education Assistance Authority
745	South Carolina, SC South Carolina Loan Corporation
746	South Dakota, SD Education Assistance Corporation
747	Tennessee, TN Tennessee Student Assistance Corporation
948*	Texas (I), TC Texas Higher Education Coordinating Board
748	Texas (II), TX Texas Guaranteed Student Loan Corporation
800	USA Funds, UF United Student Aid Funds, Inc.
749	Utah, UT Utah Higher Education Assistance Authority
750	Vermont, VT Vermont Student Assistance Corporation
778*	Virgin Islands, VI Virgin Islands Joint Boards of Education
751*	Virginia, VA Virginia State Education Assistance Authority
753	Washington, WA Northwest Education Loan Association
654*	West Virginia, WV Higher Education Assistance Foundation - West Virginia - Region
755	Wisconsin, WI Great Lakes Higher Education Corporation
656*	Wyoming, WY

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	Higher Education Assistance Foundation - Wyoming Region
927	Minnesota, MB
	Education Credit Management Corporation I
951	Minnesota, MV
	Educational Credit Management Corporation II